

Most Cabinet posts expected to be announced today Thatcher majority of 43

BY RICHARD EVANS, LOBBY EDITOR

BRITAIN was launched into a new political era yesterday when Mrs. Margaret Thatcher began to construct a Conservative administration with an overall Commons majority large enough to govern well into the 1980s.

Most Cabinet posts are expected to be announced today following intensive consultations at 10 Downing Street last night. The remainder of Mrs. Thatcher's first government will probably be known on Monday.

When the final election results were declared last night after a day of high drama, the Tories had secured a comfortable overall Commons majority of 43, with 339 seats to Labour's 268.

Although not an overwhelming lead, this should certainly be sufficient to ensure that the Tories are in power to gain maximum political advantage from North Sea oil revenues from 1982.

Although Mrs. Thatcher has gained office with the promise of radical economic, industrial and

social change, the initial indications are that she will tread cautiously on some of the more contentious aspects of her programme, particularly trade union reform. Much will depend on her decisions on senior Cabinet posts.

The remaining general election results confirmed the earlier trend of massive Conservative successes in the Midlands and South, but a much firmer Labour resistance in the North. Tory campaign managers admitted that it was a trend that could contain political dangers in the future.

The major casualty of the day was Mrs. Shirley Williams, the Education Secretary in Mr. Callaghan's Government and a leading party moderate. Her substantial 9,000 majority at Hertford and Stevenage was swamped by a swing to the Tories of over 8 per cent.

She was the only member of the outgoing Cabinet to lose her seat, and by far the most significant of the 51 Labour seats lost.

The Liberals had very mixed fortunes, and suffered severe setbacks, with the loss of Mr. John Pardoe, deputy leader in North Cornwall, and Mr. Emyln Hooson in Montgomery, a seat held continuously by the Liberals since 1885.

Mr. Jeremy Thorpe lost his North Devon seat.

At the end of the day the Liberals retained 11 seats, compared with 14 last time, and seemed as far away as ever from their goal of proportional representation.

Analysis of results, reactions and prospects for the new Government Pages 4, 5, 18 and 19

Much greater defeats were suffered by the Scottish National Party, which ended up with a bridgehead of only two seats compared with 11 in the last Parliament. Plaid Cymru was reduced from three to two with the loss of its leader, Mr. Gwynfor Evans, in Carmarthen.

Although the day started with Mrs. Thatcher certain of success because of the weight of overnight results, it was not until early afternoon that the crucial total of 318 seats was passed, giving the Tories their majority.

Mr. Callaghan had already arranged to go to the Palace to hand in his seals of office. Afterwards, instead of returning to Downing Street, he went to Transport House to thank his supporters. He is spending the weekend at his Sussex farm.

A fired but dignified Mr. Callaghan congratulated Mrs. Thatcher on becoming Britain's first woman Prime Minister, and wished her well in discharging her responsibilities. But he believes her success was not

based on support for Tory policies.

His view was that the campaign had been won by Labour, but the election battle lost because people had voted against the events of last winter.

It had been a negative vote, with the memories of the bitter industrial unrest at the start of the year producing a Labour backlash.

Nevertheless, to have become Britain's first woman Prime Minister was "a tremendous moment" in the country's history, Mr. Callaghan declared.

He stressed that the new Government was entitled to a "fair show", and promised that there would be no "factious" opposition from Labour in Parliament. Mr. Callaghan's first task will be to keep his party steady in defeat, and avoid damaging recriminations. The adjustment to Opposition will not be easy.

There will be an inevitable move by the Left to criticise the lack of socialism in the party's programme. Continued on Back Page



HOME! Mrs. Thatcher and her husband Denis outside No. 10

Hugh Routledge

STATE OF THE PARTIES			
	1978	Vote %	Oct. 1974
Conservative	339	43.9	276
Labour	268	36.9	319
Liberal	11	13.8	13
Scottish Nat.	2	1.6	11
Welsh Nat.	2	0.4	3
National Front	—	0.6	—
Others*	13	2.8	13
*12 Ulster MPs and the Speaker.			
VOTE TOTALS COMPARED			
	1978	Oct. 1974	
Conservatives	13,697,753	10,429,084	
Labour	11,509,524	11,406,768	
Liberal	4,313,931	5,346,704	
Others	1,692,582	2,007,911	
Turnout	76%	72.8%	
Average swing: 5.2% from Labour to Conservative			

Closer EEC ties expected

By Our Foreign Staff

FOREIGN governments expect Mrs. Thatcher's government to forge closer ties to the EEC than its predecessor.

Senior EEC officials in Brussels said they believed that Britain would opt for full membership of the European Monetary System by the end of 1979 to symbolise a more positive approach to the Community.

British policies towards Rhodesia are also expected to reflect significant changes in approach. In Salisbury, a spokesman for Bishop Abel Muzorewa, the country's Prime Minister-elect, said the Conservative win was a significant breakthrough, but he did not expect immediate or automatic recognition of the new Rhodesian government.

In Washington, U.S. officials said there might be difficulties ahead in formulating joint new policies towards Africa, but generally no substantial change in the pattern of Anglo-American relations was expected.

The Conservative victory was particularly warmly welcomed by leaders of conservative parties in Scandinavia, where there has been a recent shift to the Right in Norway, Sweden and Finland.

PUBLISHERS NOTICE
The Financial Times will not be published on Monday, May 7.

NEWS SUMMARY

GENERAL BUSINESS

California New high curbs on petrol for Equities; Gilts advance

California State Governor Jerry Brown approved plans for a new petrol rationing system in order to cut down huge queues at the pumps.

Arguments and even fights have become a daily occurrence at petrol stations in California, one of the states hardest hit by the interruption of crude oil supplies from Iran, because of its heavy dependence on cars. Page 2

Saudi Arabia is the only OPEC member not to have introduced surcharges on its oil exports, but following Iraq's decision to impose premiums of at least \$1.80 a barrel.

ETA man 'shot'

Domingo Ibarbe Abasolo, one of the principal remaining members of the Basque separatist guerrilla movement, ETA, was reported shot and wounded near Biarritz in the French Basque country. Police could not confirm the report.

Iran aid talks

The Soviet Union became the first country to send an official mission to discuss economic aid to Iran, since the revolution which toppled the Shah last February. Call for holy war, Page 2

Refugee deaths

Between 100,000 and 200,000 people are estimated to have lost their lives, mostly at sea, trying to escape from Indo-China states in the past four years, according to the Australian Immigration Minister.

icar's victory

The Rev. Kenneth Flenley, the icar who was sacked after confessing his love for a Bath, Avon, widow, unseated one of his critics, the treasurer, in council elections with 42 votes against his opponent's 17.

Briefly...

Liberal campaigner Tom Carroll has lost his appeal against unfair dismissal from his job as press officer for the open University.

mental patient stabbed to death in a psychiatric hospital in Neuilly-sur-Marne, France.

● EQUITIES reached a new peak in after-hours trading on buying for the new Accountant's Index rose 5.1 to 538.6.

● GILTS advanced, with gains of up to a point in length. The Government Securities Index closed 0.43 up at 75.91.

● STERLING rose 10 points to \$2.0780 after fluctuating sharply, and its trade weighted index closed at 67.3 (67.5). The dollar's index rose slightly to 86.4 (86.3).

● GOLD rose \$2 to \$248½ in London.

● WALL STREET was 7.8 down at 849.79 just before the close.

● NEW YORK'S Citibank has raised its prime rate to 11½ per cent, in line with the other main U.S. banks, amid speculation that further rate increases are on the way. Page 2

● ROLLS-ROYCE pre-tax profit for 1978 fell from £20.3m to £11.7m in spite of a substantial rise in sales from £704m to £763m. Back Page

● EMI had just over £25m wiped off its £153m valuation in the stock market after the leisure group had warned of unexpected losses in the current six-month trading period. The shares closed 23p down at 114p. Back and Page 3

● CIVIL SERVANTS' inflation-proofed pensions are worth 2.6 per cent of their salaries, the Government Actuary has calculated, as part of the pay research process for settling civil service pay. Back Page; News Analysis, Page 3

● BIRMINGHAM QUALCAST is to close an iron foundry at Smethwick in July, with a loss of 800 jobs, because of the continuing decline in vehicle assembly. Page 3

● CLEARING BANK workers in England and Wales have turned down a pay offer of up to 12 per cent. Page 3

COMPANIES

● FAIRCHILD INSTRUMENT and Camera has rejected the \$300m takeover offer from Gould of the U.S. Page 23

Closed shop challenge from the unions

BY CHRISTIAN TYLER, LABOUR EDITOR

THE NEW Government received its first challenge from trade unionists yesterday when the Wales TUC passed an emergency resolution vowing "to defend closed shop agreements by all means possible."

About 200 delegates to the conference in Tenby, West Wales, passed an early sign of activist feeling about the election result. Their resolution said that a Government "hostile" to the trade union movement "had been returned."

It was the first collective union response to the Conservatives' programme for legislative curbs on trade union activity, especially the closed shop and picketing.

It came as a High Court judge in London delivered the latest of a series of injunctions against so-called "secondary picketing" and blacking. Mr. Justice Sheen granted a temporary injunction to the South Bank Theatre Board, owners of the National

Theatre building, to enable building materials to pass through a picket of workers in dispute with the Theatre over pay.

The mood of trade union leaders yesterday was predictably despondent. Although they were careful to acknowledge the decision of the electorate, nearly all forecast that Conservative policies meant "problems" or "confrontation" unavoidable.

Mr. Tom Jackson, chairman of the TUC, said the industrial relations policies could spell "absolute disaster" for the country, and Mr. David Bannett of the General and Municipal Workers' Union hinted that unions would pursue a much more aggressive line on jobs and pay than under Labour.

But Mr. Len Murray, TUC general secretary, who will be leading the unions in the talks the Conservatives have promised, took a neutral stance. The TUC, he said, would

continue to express its views about reforms it wanted and policies it disliked.

All said that the "concordat" with Labour was not for sale to the Conservatives. If they wanted an agreement, they would have to negotiate one.

Mr. Moss Evans of the Transport Workers' Union, the union which figured prominently in the winter's strikes and has 2m members, said the Government should "do nothing to destroy institutions that will help to save jobs or penalise the families of workers in dispute."

"I will do the very best I can to ensure that conference decisions are pursued, and the policies decided by all our members."

Mr. Alan Fisher of the National Union of Public Employees, urged Mrs. Thatcher to confirm Mr. James Prior, who is not regarded as one of her "hawks," as Secretary for Employment.

Guarded welcome from the City

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CITY and the financial markets gave a distinctly guarded welcome yesterday to the Conservative election victory.

The response to the overnight election news was far from euphoric in either the foreign exchange or stock markets.

The FT 30-share industrial ordinary index at one stage showed a fall, but closed 5.1 up at a record high of 588.6. Sterling finished slightly down on the day against most major currencies.

The financial markets might have declined sharply if there had been a Labour win, or no clear-cut result. But they have been generally expecting a Tory win in spite of occasional jitters based on opinion polls.

The broadly based FT-Actuaries all-share index has risen by nearly 17 per cent since the start of election speculation in early March. Sir Geoffrey Howe, the likely new Chancellor, indicated during the campaign that a Tory administration would want to make an early start on cutting both the higher and basic rates of income tax in a first Budget.

This would be financed partly through higher indirect taxes, notably value-added tax, and partly through public spending cuts.

The new Treasury team will be faced next week with a series of official papers, not only on possible tax and public spending measures, but also on exchange rate and monetary policy.

The Budget is likely to be either on May 23 or June 12. There is no immediate pressure for any earlier action, since the financial markets have generally been trouble free in the last month.

The authorities clearly do not want to prejudice any Ministerial review. Yesterday for the second week running the Bank of England had to cope with the bad results of EMI, a constituent of the 30-share index. The immediate drop in EMI's shares accounted for about two points of a 4.4 fall in the index in mid-morning.

The rally occurred in the late afternoon when business opened for the new exchange account starting on Tuesday. The renewed demand then pushed the 30-share index up to its new high.

£ in New York

	May 5	Previous
Spot	\$2.0755-0765/\$2.0675-0685	
1 month	0.19-0.14	0.40-0.35
3 months	0.55-0.50	0.74-0.69
12 months	1.14-1.10	1.30-1.20

Consequently sterling fell quickly to a low of \$2.0650 before a midday recovery. Late New York buying pushed the rate up to \$2.0780, for a rise of 10 points on the day.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, moved in a range of 67.1 and 67.5 before closing 0.2 down on the day at 67.3. This represents an appreciation of 21 per cent since the election was announced.

The main movements in the equity market took place just before and after official trading hours. After early gains before 9.30 am the market had to cope with the bad results of EMI, a constituent of the 30-share index. The immediate drop in EMI's shares accounted for about two points of a 4.4 fall in the index in mid-morning.

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OVERSEAS NEWS

U.S. workforce down 670,000 but little change for jobless

BY DAVID BUCHAN IN WASHINGTON

AFTER EIGHT months of strong growth, the number of Americans in work fell substantially, by 670,000 last month, the U.S. labour department reported yesterday.

However, the unemployment rate was very little changed, at 5.8 per cent, compared to 5.7 per cent in March. The strong growth in the job market since last autumn, which has averaged about 300,000 a month, has meant that despite the dip in April, total employment last month was still some 2.5m higher than a year earlier.

Mrs. Janet Norwood, head of the Bureau of Labour Statistics, told the Congressional Joint Economic Committee yesterday that she "would be very reluctant to suggest" that the April figures by themselves heralded a downturn in the economy. But Senator Lloyd Bensten, the committee chairman, concluded that "the speeded times of the last eight months are over."

The Labour Department said the reasons for the April decline were not very clear, and attributed part of it to ephemeral causes such as bad

weather, school and religious holidays, and by the truck drivers' strike at the start of the month.

One sector that was particularly hit by this strike, which was prompted by an employers' lock-out in the dispute over a new national, three year contract, was the car industry, which was forced to lay off several thousand workers as components failed to arrive at assembly plants.

The unemployment rate for adult men and women was unchanged last month, at 4 and 5.7 per cent respectively, but the jobless rate for teenagers, always a problem category, rose a full percentage point to 16.5 per cent.

A curiosity of the April figures was that although total employment dropped fairly sharply to 96.2m, the number of those calling themselves unemployed was not markedly different, at 5.5m last month, from levels of the last nine months. This seems to indicate special and temporary reasons for the April decline in overall employment.

California petrol rationing expected from next week

BY OUR U.S. EDITOR

GOVERNOR Jerry Brown of California has reported yesterday to have drawn up a petrol rationing plan to be introduced in the state perhaps as early as next week.

He has responded to an acute shortage of petrol at filling stations, particularly in the Los Angeles area. This had been a weekend phenomenon for the last month or more, but on Thursday a third of Los Angeles stations never opened while by mid-afternoon almost all were closed; major traffic jams were caused by motorists frantically queuing up at those still selling petrol.

According to officials, Mr. Brown is likely to revive the "odd-even" plan briefly instituted in the state in 1974 following the Arab oil embargo. This would limit purchases to every other day.

California, of course, is more dependent on the automobile than any other state of the union. Its voracious appetite for petrol has apparently overwhelmed filling stations trying to get by on reduced supplies from the refiners.

Ironically, President Carter himself arrives in Los Angeles tonight on a sentimental tour which might have provided him with a brief respite from the energy battles he has been waging, with varying success, with the Congress.

In a speech yesterday in Iowa, the scene of his first great political triumph back in

January, 1976, the President announced a new plan to help small towns and rural areas become more energy self-sufficient.

John Wyles adds from New York: Passenger car sales in the U.S. fell 5.5 per cent in April compared with a year ago but foreign imports again capitalised on strong demand for fuel economy and captured a record market share for the second month in succession.

Total sales of about 885,000 domestic and foreign vehicles were broadly in line with expectations and compare with a month last year in which the market was staging a strong recovery from winter doldrums. The sales pace in April, about 11.2m units at an annual rate, does not point to any significant decline in consumer spending.

With the exception of Volkswagen which manufactures in the U.S. but imports a good number of cars, sales of all domestic manufacturers fell last month. This reflected the inability of companies like Chrysler to satisfy demand for their smaller cars and a continuing decline in the market for larger, less fuel efficient vehicles. General Motors posted a 4.4 per cent drop compared to last year. Ford's 21.3 per cent decline, Chrysler Corporation's 30.8 per cent drop, American Motors Corporation, the smallest producer, suffered a 15.9 per cent fall in retail sales.

Other hand, it is difficult to determine just how much pressure they are under, in terms of their own cost of funds.

Many major banks have been reducing their domestic funding through certificates of deposit, and instead bringing funds into the U.S. from the Euro-dollar market, or raising money through repurchase agreements. Domestic U.S. money-market rates have not, therefore, been rising as sharply as might have been expected.

Elsewhere in the financial markets, there were some signs yesterday of pressures increasing. Early reports indicate that savings and loan associations, which finance the bulk of house purchases in the U.S., suffered a net withdrawal of savings in April.

Citibank raises its prime lending rate to 11 3/4%

BY STEWART FLEMING IN NEW YORK

CITIBANK HAS broken with its formula for determining the prime lending rate and raised the prime to 11 3/4 per cent, bringing it into line with other major U.S. banks.

The move comes amid speculation that further increases are imminent, including a possible rise to 12 per cent in the prime.

The present strong loan demand is one factor which makes it easier for the banks to increase the prime. On the

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Senior Hanoi minister talks to K. K. Sharma about letting bygones be bygones

No foreign bases allowed in Vietnam

VIETNAM HAS no plans to give any of its military bases, naval or otherwise, to Russia or any other country.

Mr. Xuan Thuy, a senior member of the Vietnamese Government and Secretary of the Central Committee of the Communist Party of Vietnam, said in an interview in Hanoi with the Financial Times, that no foreign troops from any friendly country were in Vietnam. He did not foresee any contingency that would require any.

Mr. Xuan Thuy referred to the treaty of peace and co-operation signed with Russia last year, but said this was similar to that which India had signed with Moscow. As to the Vietnam treaty having a military clause, he said this meant only that Russia would give military aid and would not be asked to send any troops.

"We did not allow any foreign troops during the war with the Americans even though many friendly countries offered them. The same position applies now," Mr. Xuan Thuy said.

Asked whether, in view of Vietnam's isolation, Russia would seek facilities in ports

like Cam Ranh Bay for its naval fleet in this part of the world, Mr. Xuan Thuy said: "It is not we who are isolated since the Chinese aggression. The question of giving a naval base to Russia in Vietnam does not arise. This does not mean, however, that we will not allow our friends to visit us."

An elder statesman of Vietnam, Mr. Xuan Thuy is a former Foreign Minister of North Vietnam and represented his country in negotiations with the U.S. in Paris. Apart from being secretary of the Communist Party, he is also vice-chairman of the standing committee of the National Assembly of Vietnam.

On normalisation of relations with the U.S., Mr. Xuan Thuy said, Vietnam told the Americans to "let bygones be bygones" and that Hanoi was ready for normal relations on the basis of independence, sovereignty, unity and territorial integrity as provided for in the Paris agreements.

"For the sake of peace, the Vietnamese side has shown goodwill. It is up to the



American side to respond to the Vietnamese goodwill," Mr. Xuan Thuy said.

As to what kind of gesture Vietnam required from the U.S., Mr. Xuan Thuy said: "They know what needs to be done" and did not elaborate.

But the normalisation of relations between the U.S. and China was a retrogressive step. It was significant that the Chinese attack came after Mr.

Deng Hsiao-ping's visit to Washington. "Washington is looking at the China market and both countries conspired to attack Vietnam," he said.

Vietnam needed aid from all countries. "For its economic development, the Socialist Republic of Vietnam not only receives assistance from other socialist countries but also stands ready to accept aid from capitalist countries on the basis of equality and respect for each other's independence, sovereignty and territorial integrity," Mr. Xuan Thuy said.

He denied there was any change in Vietnam's foreign policy. It had already been an observer at COMECON during the war against the Americans. "Following the winning of total independence and national reunification, we officially joined COMECON which is an organisation for economic co-operation. This now provides us with conditions for engaging in economic co-operation with a view to national construction."

Vietnam wanted a "zone of peace" in South East Asia. "We hope that the ASEAN countries

will not believe the slanders spread by Peking's propaganda machine to the effect that Vietnam is seeking expansion and hegemony," he said.

Indeed, the reverse is true. It is our belief that should Peking succeed in conquering Vietnam, Kampuchea and Laos, it would stop its blandishments of the ASEAN countries and handle them roughly. The more so since in these countries live tens of millions of Chinese nationals who stand ready to act on Peking's directives."

Mr. Xuan Thuy would not rule out use of force to settle issues with China on the ground that "every inch of our country's land is sacred". Vietnam had to act firmly since, if China gained control of South East Asia, it would threaten other countries in Asia and the world as well.

He ruled out the formation of an Indo-China federation but added: "Now that Peking rulers are seeking to divide the three countries—Vietnam, Laos and Kampuchea—there is more reason for them to unite against these divisive manoeuvres and encroachments."

Egyptians attempt to forestall condemnation by Islamic world

BY OUR CAIRO CORRESPONDENT

EGYPT has called for the Islamic Foreign Ministers Conference, due to begin in Morocco next Tuesday, to be turned into a summit to discuss "the return of Jerusalem."

Such a proposal was made secretly in a letter from President Anwar Sadat of Egypt to King Hassan of Morocco in December that evidently anticipated trouble on the Islamic front three months before Egypt was ostracised by nearly all other Arab countries.

Now the letter has been released officially as part of Egypt's intensified efforts to forestall being condemned by other non-Arab Muslim countries for signing a separate peace treaty with Israel.

According to an Egyptian

Foreign Ministry statement Egypt is making its attendance at the Islamic gathering conditional on Morocco's agreement to the status of the meeting being upgraded.

The Ministry said Egypt had noted "with great sorrow" that meetings had taken place with the intention of diverting the conference from its original goals. This refers to a drive led by Saudi Arabia to prevent Egypt attending the Morocco meeting.

At the Baghdad conference in March, Arab countries opposed to Egypt's negotiations with Israel agreed to endeavour to expel Egypt from the Islamic movement. The non-aligned movement and the Organisation for African Unity.

According to diplomats here the Libyan effort will probably succeed because Saudi Arabia, which provides the bulk of the Islamic movement's finance, is committed by the Baghdad decisions to support for the Libyan position. President Sadat's May Day speech attacking Riyadh has not encouraged the Saudis to adopt a moderate position.

The Egyptian proposals seem to be an attempt to put the best possible face on defeat. Vice President Hosni Mubarak has been touring Muslim countries in the Far East in an attempt to drum up support for Egypt among the non-Arab countries in the Islamic movement, but his mission seems to have failed.

Lebanon Premier to resign soon

BY IHSAN HIJAZI IN BEIRUT

THE PRIME MINISTER of Lebanon for the past two-and-a-half years, Dr. Selim al-Hoss, has said he will resign soon to make way for a new government.

He made the announcement on Thursday night after the largest block of MPs in Parliament urged him to step down to make way for a Cabinet of political leaders. Dr. al-Hoss and his eight-man Cabinet are regarded as technocrats.

The Prime Minister pointed out that it had not been possible for him to resign before because it would have created a power vacuum. Conditions were better now for setting up a new

Government to prepare for national reconciliation.

Dr al-Hoss emphasised that he would not resign before the holding of a planned Syrian-Lebanese conference. The meeting is expected to be held before the middle of the month after consultations between the two countries.

The object will be to discuss the future relationship between Lebanon and Syria as well as the status of the military role the Syrians have been playing in Lebanon for nearly three years.

About 30,000 Syrian troops are now the only contingent in

the Arab deterrent force in Lebanon. Other countries which took part have withdrawn.

In return for reducing their military presence, the Syrians are insisting that the Beirut Government should take decisive action against Christian secessionists in the South who last month proclaimed independence from Beirut. The secessionists, led by Major Saad Haddad, are backed by the Israelis.

Lebanese officials are reported to be demanding, in return, the freeing of all Palestinian guerrilla operations from southern Lebanon against Israel.

Call for holy war in Iran

BY SIMON HENDERSON IN TEHRAN

TENSION BETWEEN supporters of Ayatollah Khomeini and left-wing Iranians has increased over the past few days following the May Day parades and the assassination of Ayatollah Morteza Motahari, a senior religious leader. Observers see a clash between the two groups as increasingly inevitable.

Although not directly blamed for the assassination, the Left is considered to be using the political instability in Iran to build up its strength. Speeches on the official media are taking a more militant line against opponents of the revolution, calling for a holy war. Mourners

of Ayatollah Motahari yesterday shouted slogans of "Death to Communism" rather than blaming the Forghan, the extremist religious group, which has actually claimed responsibility.

Mr. Sadeq Ghotbzadeh, a close associate of Ayatollah Khomeini who holds the influential position of Head of Radio and Television, said yesterday that if the Left continued as they have been acting so far, they would not be tolerated by the Iranian people.

In an interview with the Financial Times, he blamed the Left for fomenting recent trouble among ethnic minorities in Kurdistan, the Turkmen region and Arab-speaking

Khuzestan. He said they were trying to do the same in Baluchistan, near the border with Pakistan.

He identified the Forghan terrorist organisation as being of mixed ideology and under new leadership since it was formed a year ago. He claimed the group would soon be "dismantled."

Mr. Ghotbzadeh himself has been named as a target by the group which also shot the first army Chief of Staff in the new Islamic republic a week before Ayatollah Motahari was killed. He says he has received many threats and thinks he is next on the death list.

Spanish employers attack money supply measures

BY DAVID GARDNER IN MADRID

THE SPANISH employers' confederation has launched a stinging attack on a package of monetary measures pushed through by government decree last weekend, in a communique issued yesterday, the confederation expresses extreme concern.

The measures penalise firms seeking foreign credits by requiring them to make a peseta deposit equivalent to 25 per cent of the loan. They also penalise banks unless they grant medium-term credits for three years or more and not exporting industries by allowing the peseta to float upwards by nearly three points against the dollar.

The measures are designed principally to relieve pressure on a tight money supply target by curbing the recent massive influx of foreign exchange and to expand domestic credit.

That would have been in accord with federation demands until this week. Now the federation believes that the Government's single-minded drive against inflation will stretch the already serious cash flow position of much of industry to the limit. Spain's increase in exports last year, by nearly 30 per cent, was in compensation for a lack of domestic demand.

The federation calls for a decision to reflate, reform of labour relations, including easier hire-and-fire laws, and measures leading to cheaper credit. It advocates an overall strategy for phased reflation, and a cut in public spending which, it says, services an excessive public sector deficit to the detriment of the private sector.

Portugal N-report storm

BY JIMMY BURNS IN LISBON

A STORMY REACTION from Portugal's political parties and environmentalists is expected to follow the "leaked" publication yesterday of a long-delayed Government White Paper on nuclear power.

Although the White Paper recommends that public debate should precede any final decision on the nuclear option, it sees very little alternative to the building of at least one reactor in Portugal by the end of the 1980s.

The view of the authors is that a nuclear programme in Portugal is justified in purely economic terms, since it would help compensate for the country's lack of indigenous fuels, namely coal, and its dependence on imported oil.

Costs involved in the future building of nuclear plants in Portugal are set against the forecast of an acceleration in

economic growth and in the consumption of energy in the late 1980s and 1990s. Although an ambitious hydro-electricity programme is being currently carried out by the State-owned electricity company EDP, the White Paper suggests that this will not be enough to cover the country's eventual needs.

The nuclear lobby, already quite well-organised, has reacted strongly to this reference in the White Paper to the threat to safety posed by nuclear power and also to its careful side-stepping of any detailed discussion of the use of natural sources of energy such as solar energy.

Although the White Paper could be presented to Parliament shortly, Portugal's non-party Government is unlikely to risk further political controversy by taking a major initiative on the subject before the next elections.

Kreisky scents victory

BY PAUL LENDVAY IN VIENNA

CHANCELLOR Bruno Kreisky of Austria expressed confidence yesterday that his Socialist Party would win an absolute majority in the general elections tomorrow. He admitted, however, that he would regard anything below 91 seats as a defeat.

The Socialists have 93 out of 183 seats at present, against 80 for the People's Party and 10 for the Freedom Party.

Opinion polls, taken secretly by the Socialist headquarters, are believed to predict a strong showing tomorrow with a near-certain absolute majority. However good holiday weather and

abstention by many of the half-million young people, who will be entitled to vote for the first time, may upset the predictions.

Chancellor Kreisky has headed the Austrian Government since April 1970. He made it clear that, even with 90 or 91 seats, he would accept a mandate from the President to form a government. He excluded the possibility of a coalition with the People's Party and repeated that a coalition with the Freedom Party under its present Right-wing leader, Dr. Alexander Götts, was out of the question.

Unions attack Wiehahn proposals

By Quentin Peel in Johannesburg

MR. ARRIE PAULUS, secretary of South Africa's all-white Mineworkers' Union, walked out of a meeting with Mr. S. E. Botha, the Minister of Labour, yesterday, accusing him of "treason" towards white workers.

His protest at the Government's acceptance of the Wiehahn Commission proposals for scrapping statutory discrimination on the shopfloor comes after outspoken criticism from two other leading white trade union leaders.

Mr. Paulus said Mr. Botha had committed "the biggest treason towards the white workers in white South Africa since the days of 1922, when white mineworkers were shot dead on the Rand by General Smuts." He accused him of lying to the Confederation of Labour by promising full consultation before he made changes in the labour laws.

In spite of the strength of the attacks from union leaders, Mr. Botha remains confident that he can persuade the majority of white workers to accept the proposals. The Wiehahn report effectively means that discrimination will no longer be backed by law, but trade unions will be free to negotiate their own colour bars with employers.

Soweto policeman dies

By Our Johannesburg Correspondent

A BLACK South African policeman died in hospital yesterday, and another is critically injured, following an urban guerrilla attack on a police station in the massive Soweto black township outside Johannesburg.

The attack, the most daring and successful act of urban terrorism carried out in South Africa in recent years, was launched by three gunmen armed with Soviet-made AK-47 rifles and hand grenades, according to a police statement.

Four other people were injured, including a policeman and three civilians. Police are still hunting the attackers.

The attack follows the conviction earlier in the week of 11 former Soweto students, charged with sedition for their involvement in the township riots of 1976.

France to ban Springbok tour

By David White in Paris

M. JEAN-PIERRE SOISSON, French Minister for Sport, yesterday ruled out a planned tour by the South African Springboks rugby union side, which threatened to provoke a major political clash in the run-up to the 1980 Moscow Olympics.

He made it clear that the Government would not allow the tour to go ahead, overriding the verdict to the French Olympic and Sporting Committee, the country's top sporting body.

The Springboks squad was to have included non-whites—unlike a rugby touring party from Transvaal which arrived in France recently but found all its fixtures cancelled.

Environmental controls 'cheap'

By Terry Dodsworth in Paris

ENVIRONMENTAL protection measures do not add significantly to inflation levels, Mr. Douglas Costle, Administrator of the U.S. Environmental Agency, said yesterday.

Speaking here on the eve of a meeting of OECD Environmental Ministers, Mr. Costle said a recent U.S. study suggested that environmental controls would add only between 0.1 and 0.2 per cent a year to the consumer price index over the next eight years. Studies in Japan and Norway covering the mid-1970s had shown similar results.

Another U.S. study suggested that \$8bn a year was being saved in increased productivity because of a reduction caused by air pollution. This compared with an environmental expenditure rate of \$8.7bn.

Poll boost for Giscard's party

By Robert Mauthner in Paris

THE LIST of President Giscard d'Estaing's supporters, headed by former Health Minister Mme. Simone Veil, leads the field in a public opinion poll on voting intentions for the European elections, published by the newspaper Le Figaro yesterday.

Some 30 per cent of those questioned currently intend to vote on June 10 for Mme. Veil's UDF list, which has gained three points since the last poll, taken in the middle of April. In second place come the Socialists, with 26 per cent, followed by the Communists, with 19 per cent, and M. Jacques Chirac's "Defence of French interests in Europe" list, with only 17 per cent.

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next 15 years. Certain categories of narrow-bodied aircraft were also needed and the Japanese and European industries, in combination, could well develop two new models within the next decade.

Other speakers at today's conference included Dr. Saburo Okita, chairman of the Japanese Economics Research Centre; Mr. James B. Wiesler, vice-president of the Bank of America (Asia); Mr. Renzoh Taschi, chairman of the board of Ishikawajima-Harima heavy industries; and Mr. Tadao Kato, former Japanese Ambassador to the UK.

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UK NEWS

Birmid iron foundry to shut in July

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PLANS to close an iron foundry with a loss of at least 600 jobs were announced yesterday by Birmid Quilcast. Blame for the decision was placed on the continuing decline of vehicle assembly.

Darlington Auto Castings, a Birmid subsidiary, will shut the largest of three foundries at Smethwick on June 31.

The other two are working below capacity, but should have "a sound future," the company said.

The move is part of a general rationalisation programme by the foundry industry, in the face of spare capacity throughout Europe.

But there is particular concern not only among ironfounders, but in the components industry as a whole, at poor performance of domestic vehicle assemblers.

Car imports last month are thought to have taken a record share, about 56 per cent, of the market. Higher penetration is caused not only by direct imports from companies such as Renault, Ford, Vauxhall and Chrysler bring in cars made overseas.

The foundry which Birmid plans to close makes a range of grey iron castings for the automotive industry, and has worked at only about 75 per cent capacity for some time. Among factors affecting Darlington Iron Castings has been the disruption to the £100m Chrysler UK order to supply component kits to Iran.

Birmid Quilcast's foundry division, one of Europe's largest metal-castings concerns, has cut its labour force by nearly 1,700 over the past three years of recession to about 7,600.

The company said that, while the position had to be kept under review, no further closures were expected this year. Every effort had been made to avoid the redundancies, but no alternatives were possible.

Birmid's foundry division has announced about £10m investment this year to modernise and improve facilities.

Mr. Tom Dolan, divisional officer of ASTMS, the white-collar union, said the joint shop steward's committee at the foundry was determined to fight the closure. The decision was a blow both to the industry and to a part of the country which had suffered a whole series of redundancies.

Representations would be made to the Industry Secretary in the new Conservative Government, Mr. Dolan said.



Mr. Patrick Sergeant, city editor of the Daily Mail was yesterday named Financial Journalist of the Year by the Wincoff Foundation. The award, for outstanding achievement in economic and financial journalism, is worth £700 to the senior award winner.

The prize was one of four awards made by the foundation, set up to commemorate Mr. Harold Wincoff, who died 10 years ago. Mr. Wincoff was a regular feature writer for the Financial Times between 1950 and 1969 and was also editor and editor-in-chief of the Investors Chronicle.

The £500 award for provincial journalist of the year went to Mr. John Hefferman, city editor of United Newspapers. Leading financial journalist under the age of 28 was Miss Barbara Conway, of the Daily Telegraph, who won £350.

A special award was also given to Miss Marjorie Deane for her series of specialist articles called Financial Report.

Previous Wincoff senior award winners have included Samuel Brittan, Patrick Butler, Peter Jay and Christopher Flides. Junior award winners have included Hamish McCreae, Graham Cairncross, Sandy MacLachlan and Michael Lafferty.

Pictured above, from left to right, are Mr. Hefferman, Miss Deane, Mrs. Joyce Wincoff, Miss Conway, and Mr. Sergeant.

Bid to cut danger of acrylonitrile

BY KEVIN DONE

THE HEALTH and Safety Commission intends to reduce drastically the maximum levels of acrylonitrile to which chemical industry workers should be exposed.

In a policy statement released yesterday, it said that the chemical, used in the manufacture of plastics and textile fibres, should be regarded as a potential cause of cancer in humans.

In response to a report from the Advisory Committee on Toxic Substances, the commission said yesterday that it had agreed that exposure to acrylonitrile should be reduced to well below the current limit of 20 parts per million (ppm) in air in an eight-hour period.

"By about 1981, the control limit should be reduced to 2 ppm," said the commission. This would be a reduction of 90 per cent.

Exposure should be kept "as low as is reasonably practicable." An interim standard of 5 ppm should come into effect on 1st January 1980.

Britain's two major manufacturers of acrylonitrile are Monsanto of the U.S. at its plants at Seal Sands, Teesside, and BP Chemicals at Grangemouth on the Firth of Forth.

Acrylonitrile is an intermediate petrochemical, which is used in the manufacture of acrylic fibres, by companies such as Monsanto, Du Pont and Courtauld, and in the manufacture of the plastic Acrylonitrile Butadiene Styrene by companies such as Borg Warner.

The commission said yesterday that many plants were already achieving a level of exposure of 2 ppm. The new levels have been agreed by the chemical industry, but the commission added: "Since there are insufficient data on which to make a confident prediction as to a safe level of exposure, the commission accepts that a hazard may still exist at current levels of exposure and recommends that industry should, in addition to meeting specific limits, reduce all exposures to as low a level as is reasonably practicable."

First indications that acrylonitrile could cause cancer came from the results of a study carried out by the Manufacturing Chemists Association in the U.S., which indicated that the chemical could cause cancer in animals.

An epidemiological survey carried out by Du Pont at one of its U.S. plants showed a higher than normal incidence of cancer in a group of workers who potentially had been exposed to acrylonitrile.

The U.S. Occupational Health and Safety Administration introduced an emergency exposure level of 2 ppm at the beginning of last year. In the UK companies have been working since early 1977 to improve plant atmospheres, and a mortality study is being made of 1,138 workers who might have been exposed to the chemical before 1968 after being employed in plants processing acrylonitrile into textiles or plastics.

For sale: home with wildlife

BY ANDREW TAYLOR

A SMALL wildlife park is among the attractions of one of London's most unusual residences being offered for sale at an asking price of £3m.

The 11-bedroom mansion, standing in three acres of grounds in Bishop's Avenue, Hampstead, will be ready for occupation in the summer. Interested parties so far have included Saudi Arabian princes, oil sheiks and a Greek shipping tycoon.

Other "mod cons" include two swimming pools, bullet-proof windows and closed circuit television, a motorised boat, a home cinema, and a room to seat 75 guests and, for the more eccentric, a lavatory decorated to look like an aircraft toilet.

The house, named Waccueta, was acquired by the Saudi millionaire builder Mr. Jabour Islam in 1976.

Mr. Nick Underhill, manager of the Highgate branch of estate agents Druce and Co., which is negotiating the sale, says that renovation work is still proceeding.

"The house will have virtually every conceivable luxury when it is completed," he said.

In addition to the luxuries, the new owners will be able to boast of having King Khalid of Saudi Arabia as a neighbour.

Varley wins damages for bogus letters

MR. ERIC VARLEY, former Industry Secretary yesterday accepted an undisclosed sum of damages and his costs in settlement of his High Court action in London over articles on alleged payments of bribes by British Leyland that appeared in the Daily Mail in 1977.

Mr. Varley had sued Associated Newspapers and Mr. David English, editor of the Daily Mail. Mr. Charles Gray, his counsel, told Mr. Justice Milmo that the centrepiece of the first article was what was purported to be an extract from a letter written to the chief executive of BL, Mr. Alex Park, by the chairman of the National Enterprise Board, Lord Ryder.

One of Mr. Varley's ministerial responsibilities was to give directions to the NEB, which had a majority shareholding in BL.

The letter suggested that he had approved the alleged payment of bribes by BL and that he had given his authority to a corrupt practice by a state-controlled corporation. But the letter was bogus and the forger had since been jailed. Mr. Gray said there was no truth in the suggestion that Mr. Varley had condoned the supposed payment of bribes by BL. He had consistently opposed any such corrupt practice. The charges against him had distressed him and his family and caused political embarrassment.

Mr. Gray said the defendants acknowledged that there was no justification for their imputations against Mr. Varley's personal and political integrity.

Mr. Richard Rampton, for Associated Newspapers and Mr. English, said they unreservedly withdrew all the allegations against Mr. Varley. They had never intended to harm Mr. Varley personally, but only to reveal the truth of what seemed a very serious public matter.

Doctor claims diet cure for migraine sufferers

BY DAVID FISLOCK, SCIENCE EDITOR

A LONDON medical researcher is claiming considerable success in treating migraine patients with a diet designed to discover to which foods and drinks they are allergic.

When her patients avoid an average of 10 common foods, their number of headaches per month falls dramatically, says Dr. Ellen Grant of the Department of Neurology at Charing Cross Hospital.

Dr. Grant, writing in The Lancet today, says that 85 per cent of her migraine patients no longer suffer from headaches, and 25 per cent of patients with high blood pressure returned to a normal blood pressure.

The foods which most commonly provoke reactions are wheat (in four cases out of five), orange, eggs, tea and coffee, chocolate, milk, beef, corn, cane sugar and yeast.

For the last two years Dr. Grant has been putting her five days, designed to isolate the food or foods causing the

migraine. Most of the 60 patients—52 of them women—who completed the diet started with other symptoms such as lethargy, depression, anxiety, or constipation.

For five days the patients were fed exclusively on just two foods, known to have little risk of causing an allergic response. Usually it was lamb and peas, with a glass of bottled spring water.

Most of her patients suffered headaches for the first three days but they stopped by the fifth day.

Then, as outpatients at the hospital's migraine clinic, they began tests designed to isolate the particular foods to which they were reacting. They were given one to three different foods each day, and pulse-rate and other symptoms were recorded at frequent intervals for 90 minutes afterwards.

Between them the 60 patients reacted to a total 634 common foods—from one to 30 a piece, with an average of about 10.

Cigarette lottery will be relaunched

By David Churchill, Consumer Affairs Correspondent

IMPERIAL TOBACCO is to relaunch its controversial "Spot-Cash" lottery promotion for some king size cigarettes next week.

The Attorney-General, however, is almost certain to challenge an earlier Appeal Court ruling in the House of Lords which made the lottery lawful.

Imperial's decision to relaunch the scheme, which it describes as the "biggest lottery promotion of its kind ever held in Britain," is the latest move in the major tobacco companies' battle for a share of the fast-growing king size cigarette market.

When Imperial launched the promotion last autumn for three of its John Player brands, it boosted sales by almost a third. However, Imperial's rivals, British-American Tobacco, complained to the Attorney-General that the scheme contravened the legislation governing lotteries.

Complaint

The Attorney-General passed the complaint to the Director of Public Prosecutions who, according to Lord Denning in his Appeal Court judgment, "put of hand decided that the scheme was a contravention of the law." Criminal proceedings were taken against Imperial which caused it to abandon the promotion and to seek a civil court ruling as to its legality. The High Court ruled that the scheme was unlawful and that the criminal proceedings should proceed. But the Appeal Court in March overturned this ruling and said the scheme was lawful.

The Attorney-General has until the middle of next month formally to make an appeal. It was clear last night that an appeal would definitely be made.

Imperial, however, has decided not to wait for this move but instead to relaunch the scheme from Tuesday.

The promotion which offers cash prizes ranging from £1 to £5,000, will be available on John Player King Size, Extra Mild and No. 6 King Size.

Whitbread allowed 1p more a pint

By Our Consumer Affairs Correspondent

THE PRICE COMMISSION announced yesterday last right granting of a further interim price rise to Whitbread of 1p a pint on beer.

Whitbread has now been allowed the full 3p a pint price rise it initially sought. This had not been expected before the commission's three-month investigation into the company expired at the end of May.

Whitbread claimed it needed the full 3p to maintain its profit levels. It is likely to have given the Commission further financial information to strengthen its claim.

The effect on the public will be limited, since most other brewers had already added 2p a pint as had tenants of Whitbread pubs. Only one or two had to adhere to the maximum imposed by the commission.

Price, also limited to a 2p a pint increase, is now likely to cost another next week, to bring its increase to 3p.

Folding cartons to cost more

THE COST of folding cartons is to increase "significantly," because of recent wage settlements and a rise in raw material prices, says the British Carton Association.

Theatre board wins injunction to curb secondary picketing

BY PAULINE CLARK, LABOUR STAFF

TRADE UNIONS, whose picketing activities were a central issue in the election campaign, were yesterday confronted with a further judicial decision against secondary picketing.

Mr. Justice Sheen, in the High Court, granted the South Bank Theatre Board an injunction to enable building supplies to pass through a National Theatre strikers' picket line.

The hearing, in chambers lasted about five hours and the written judgment to be produced next Wednesday will reinforce several recent controversial High Court rulings on secondary picketing and related issues—notably during the lorry drivers' strike of last winter.

Mr. Mark Harrison, secretary of the South Bank Theatre Board, said the judgment had hinged on whether the picketing action against building supplies was "in furtherance of a trade dispute."

The court found that under the Trade Union and Labour Relations Act, the National Theatre strikers were not protected in law when they sought to persuade the building

suppliers to break their contracts with the South Bank board.

The board had argued that since it had no contractual relationship with the strikers, pickets could direct their activities only at the National Theatre, their own employers. The board owns the National Theatre building, which has not been completed.

However, the strikers, who have been dismissed by their employers, continued to picket the theatre yesterday. Earlier this week, a separate injunction was won by the National Theatre to restrain the pickets from "trespass and nuisance" to enable the public to enter the building without harassment.

The stage hands' strike is in its sixth week and there is no sign of a settlement. The executive of the National Association of Television, Theatrical and Kine Employees has voted against acceptance of a formula offered by the National Theatre for re-engagement of the strikers, despite support given to the formula by Mr. John Wilson, its general secretary, and Mr. Len Murray, TUC general secretary.

Banking union rejects 12% pay offer

BY NICK GARNETT, LABOUR STAFF

A PAY OFFER of up to 12 per cent made by the five English clearing banks and covering more than 200,000 staff has been rejected by the Banking, Insurance and Finance Union.

The offer, which the bank staff associations also consider inadequate, involves 8½ per cent new money, together with the consolidation of a further 3½ per cent, in place of a 12 month productivity deal negotiated last year. That productivity payment, which will no longer be made, was worth about 5 per cent.

The banks are also offering a new Central London supplement of £300 a year for staff working within three miles of the centre.

The banking union is seeking a similar deal to that negotiated for Scottish clearing bank staff which resembles the English offer but incorporates a further 5 per cent of new money.

The banks see that as "leapfrogging" claim because the extra 5 per cent paid in Scotland was specifically designed to remove pay anomalies between the Scottish and English clearers which arose through

the operation of pay policies. However, the union says it still expects the English banks to meet the deal made by the Scottish banks, which involved the payment of more than 13 per cent of new money. With the consolidation of 2½ per cent in place of a productivity payment, salaries of Scottish bank staff have risen by an average of 17 per cent.

National negotiating machinery for the English clearers included mandatory arbitration for national pay disputes. That machinery collapsed last year, however, with the withdrawal of BIFU (formerly the National Union of Bank Employees).

The union's executive meets later this month to discuss the claim but there will be further negotiations with the banks before then.

Mr. Lelf Mills BIFU general secretary, has written to the Federation of Bank Employers asking it to negotiate directly with BIFU for all five banks on pay because the banks have formulated their claim centrally.

Steel union recommends 3% pay offer

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS for 41,000 craftsmen employed by British Steel Corporation agreed yesterday to recommend an 8 per cent pay offer on the eve of an overtime ban called last month because of delays in reaching a settlement.

The National Craftsmen Co-ordinating Committee will put the offer to the executives of its nine constituent trade unions but BSC was hoping last

night that steps would be taken immediately to call off today's industrial action.

The offer is broadly in line with the 8 per cent increase of basic rates accepted last month by its manual workers and by the industry's blastfurnacemen.

Like the manual workers, the craftsmen have been asked to give a series of undertakings aimed at improving efficiency in the industry and reducing losses.

Civil Service pay monitors approve survey methods

BY PHILIP BASSETT, LABOUR STAFF

AN INDEPENDENT BOARD examining Civil Service pay comparability said yesterday that it was satisfied about the fairness of job comparisons with outside industry which led to a settlement this week for 2,500 civil servants averaging 25 per cent.

The Pay Research Unit Board, chaired by Lord Shepherd with four independent voting members and five civil servants, was set up to safeguard the independence of the unit for the first time for this year's settlement.

The Board said the unit's survey methods of 253 outside organisations to produce 458

reports of comparisons were the best basis for determining external pay levels.

However, it added, that the unit's internal survey of Civil Service grades to be included in the system should be extended. Normally about 65 per cent of grades are covered.

Although the report includes detailed examples of outside comparisons, it does not name the companies consulted. The board said it would reconsider that for its second report next year.

Report of the Civil Service Pay Research Unit Board and the Civil Service Pay Research Unit 1979. SO, £1.75.

Plessey lays off 49

FORTY-NINE people were made redundant at Plessey's Edge Lane, Liverpool, plant last night—the end of the saga in which 800 jobs were threatened in a three-year rationalisation plan by the company to save the factory.

Even at the beginning of this week 200 jobs were due to go, but the company said last night that a considerable number had been redeployed mostly within the group. Natural wastage had further reduced the figure.

Scots schools face disruption

SCHOOL DISRUPTION is likely to spread to Scotland on Tuesday, when more than 3,000 members of the Scottish Schoolteachers' Association have been told to refuse non-teaching work.

Like teachers' unions in England and Wales, the association is protesting over failure to settle the 1979 pay rise for school staff. The Scottish unions are demanding a 42.5 per cent rise, and have been offered 9 per cent and reference to the Pay Comparability Commission.

Calculating how much should be deducted

WHAT should civil servants say for their index-linked pensions? The answer, according to Mr. Edward Johnston, the Government Actuary, is a deduction of 2.6 per cent in assessing value.

Although this figure is higher than his previous assessment—1974 his calculations produced a figure of 13 per cent—is likely to lead to considerable criticism in many quarters outside the Civil Service.

In the harsh commercial world, life companies regard inflation as an unmanageable risk and they will not underwrite pensions or annuities varying with the cost of living.

ing Civil Service pay is arrived at by making detailed comparisons with salaries and other benefits across a wide spread of jobs outside the Civil Service—the so-called "analogue" scheme.

The Government Actuary takes the benefits paid on the Civil Service scheme and calculates the cost, as a percentage of salary, to provide those benefits for a new entrant to the scheme, aged 25. In the discounting process he makes various assumptions

The Government Actuary has then done a comparable set of calculations in each of the 453 schemes comprising the analogue. This naturally produced a wide variation in the cost of benefits, ranging from nil cost, applicable to 15 schemes, to over 20 per cent in the case of nine others. These results were then averaged by a weighting process, producing an answer of 13.9 per cent of salary.

The difference between these two figures is 3.4 per cent, but

Actuary has described in detail how he has done his calculations, but fairness is left for the reader to decide. And many critics are still likely to think that 2.6 is too low.

Everything as usual hinges on the improvements in pensions. One common fallacy is that only Civil Service, public service and the nationalised boards do anything about increasing pensions in the course of payment. The report shows that outside the 94

schemes which linked pensions to the cost of living, a further 267 schemes had over the past four or five years increased pensions on average by about 80 per cent of the corresponding rise in the cost of living.

In making his calculations for the analogue schemes, the Government Actuary has assumed that a similar rise in pensions would apply in future.

Funding rate

Some critics may feel that he should have based his deduction on a full indexing of Civil Service pensions with nil increases in the comparison scheme; that is, 17.9 per cent with 10.8 per cent. This would have given a deduction of about 6 per cent.

The other criticism in the method used is that the rates apply to new entrants only and do not represent what is known as the funding rate—the amount of contributions necessary to cover the benefits of the existing workforce.

A funding rate corrects past deficiencies in the contribution rate. If an employer has paid too little in the past, he has to pay more now. But even with private schemes the employee is not asked to share in the extra costs. It is the employer who pays for past errors.

Civil Service Pay Research—The 1979 Review of the Adjustment for Differences in Superannuation Benefits, SO, 50p.

NEWS ANALYSIS—CIVIL SERVICE PENSIONS

BY ERIC SHORT

Assumptions

Life companies are perfectly prepared to quote for benefits increasing at a known rate, as high as 8½ per cent a year. But they will not take on an open-ended commitment involved in linking benefits to an index such as the Retail Price Index. So how does the Government Actuary reach where he companies fear to tread?

This is set out very clearly in a report published yesterday—addressed, ironically enough, to "The Rt. Hon. James Callaghan, MP Prime Minister." Mr. Johnston describes in great detail just how he has grappled with the problem, what assumptions he has made and the final deduction was arrived at.

On this basis the value of benefits to a non-industrial civil servant is 17.3 per cent of salary. In terms of company pension schemes, this means that the contribution rate for a new entrant to meet the pension benefits, including the index-linking, would be 17.3 per cent of salary.

There are further adjustments to be made before the final answer. These further adjustments are dealt with in detail and produce the final result that Civil Service pensions are worth 2.6 per cent of salary more than in comparable schemes.

The sensitive nature of Civil Service pensions is admitted in the Appendix 1 to the report. This contains the exchange of letters between Mr. G. T. Morgan of the Civil Service Department and the Government Actuary, highlighting the need to demonstrate, in view of past criticisms, that the arrangements for dealing with pension differences are demonstrably fair. The Government

schemes which linked pensions to the cost of living, a further 267 schemes had over the past four or five years increased pensions on average by about 80 per cent of the corresponding rise in the cost of living.

In making his calculations for the analogue schemes, the Government Actuary has assumed that a similar rise in pensions would apply in future.

A funding rate corrects past deficiencies in the contribution rate. If an employer has paid too little in the past, he has to pay more now. But even with private schemes the employee is not asked to share in the extra costs. It is the employer who pays for past errors.

Civil Service Pay Research—The 1979 Review of the Adjustment for Differences in Superannuation Benefits, SO, 50p.

UK—ELECTION NEWS

Dejected trade union leaders warn against confrontation

BY PHILIP BASSETT AND NICK GARNETT

TRADE UNION leaders were dejected yesterday at the Conservative victory and at the failure of the union campaign for the return of a Labour Government.

Many stressed that the concordat signed by the TUC on pay, prices and conduct in industrial disputes was now a dead letter, and warned that Tory promises to reform industrial relations law might lead to confrontation.

Mr. David Bassett, general secretary of the General and Municipal Workers' Union and chairman of the Trade Unionists for a Labour Victory committee, said there were "difficult times" ahead but the unions awaited an approach from the Conservative Government.

Tory policies could cause major problems and the trade union movement had to re-think its strategy on job protection and wage bargaining, said Mr. Bassett.

"The trade union movement quite naturally regrets but respects the decision of the electorate which marks the end of an honest attempt to involve trade unions at all levels in the wider issue of Government and the management of the economy."

The unions' relations with the Government would be determined by whether it paid public service workers the money the Comparability Commission is likely to award them, or whether it attempts to "lean" on public service workers as a back door incomes policy.

It would also depend on whether the Government attempts to engage in "legalistic interference" in negotiations

and arrangements between unions and employers and, above all, whether it carried out threats to withdraw job subsidies and the protection provisions of Labour's legislation.

Mr. Len Murray, TUC general secretary, said that the trade union movement expected to be consulted by the new Conservative administration. Governments had a responsibility, he said, to consult the major interests in society in framing policies which would unite rather than divide the nation.

"We shall continue, as we have always done, to look for measures which we believe on merit are in the best interests of the people of Britain, and to criticise policies and actions which place unnecessary barriers in the way of economic and social advance."

Mr. Murray paid tribute, too, to the Labour Government, which he said had served the nation well in a period of great economic difficulty.

Mr. Tom Jackson, TUC chairman and general secretary of the Union of Post Office Workers, said yesterday that if the Conservative Government pursued policies for real economic growth it would get the full co-operation of the trade union movement.

There was no reason why the unions should attempt to sabotage the Government but the unions' attitudes would be conditioned by the kind of relations the Government sought with them.

Mr. Jackson, speaking on BBC television, said, however, that the prospect of a Tory

Government still frightened him and its policies on industrial relations could be "an absolute disaster" for the nation.

He also said that the industrial unrest at the beginning of the year destroyed Labour's chances in the election.

"That was free collective bargaining. If the Tories are in favour of free collective bargaining they'll get more of the same."

Mr. Joe Gormley, president of the National Union of Mineworkers, said he viewed the Tory victory with "great disappointment." The recently negotiated concordat agreement between the TUC and Labour Government would have to be renegotiated.

"An agreement made with one Government does not hold for another," he said.

Just when the country was pointed in the right direction, the nation had had to change horses in midstream, said Mr. Gormley.

"I am greatly disappointed with the attitude of the British electorate."

Mr. Ray Buckton, general secretary of the train drivers' union, ASLEF, whose national rail strikes in January played a major part in last winter's industrial discontent, made it clear that it would be impossible for the trade unions to reach an agreement with the Conservatives on the lines of the Labour-TUC concordat because of Tory policies on industrial relations law.

Mr. Sid Weighall, general secretary of the National Union of Railwaymen, again forecast yesterday that if the Conserva-

tives attempted to carry through their policies on trade union reform there would be confrontation.

"I don't see how we can avoid some difficulties in the next year or so between the Government and the trade union movement," he said.

Mr. Terry Duffy, general secretary of the Amalgamated Union of Engineering Workers, said that the trade union movement was not looking for a fight with the Conservatives.

Unions, though, were opposed to the Tories' election promises to legislate on picketing, the closed shop and other industrial relations issues, which could lead to confrontation.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, which led the winter manual workers' strikes in the hospitals and local authorities, urged Mrs. Thatcher to appoint Mr. James Prior as Employment Secretary if she wanted peace with the unions.

Mr. Fred Jarvis, general secretary of the National Union of Teachers, whose industrial action with other teaching unions over pay will be the first the new Conservative Government will have to deal with, said that nothing had happened which would cause the union to alter its 36.5 per cent pay claim in any way.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association, warned Mrs. Thatcher to expect strong opposition from trade unions if she carried out plans to cut public spending.



Mrs. Thatcher on her way to 10 Downing Street with her security officers.

Wary rejoicing for Thatcher

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

FOR A leader who has been portrayed by her opponents as a dangerous adventuress, Mrs. Thatcher was playing things remarkably cautiously yesterday.

As the good tidings for the Tories poured in during the early hours, she steadfastly refused to predict a Conservative victory.

For three weeks, reporters had been bombarded with thousands of words from the Tory leader. Now words were suddenly at a premium.

The night is yet young, and we do not quite know what it will hold, she said in her Finchley constituency at 2.40 am, on hearing that she had doubled her majority.

With the spate of Tory gains quickening, she dashed off to the local party headquarters, accompanied by her husband, Denis, and her children, Mark and Carol. There, she conceded that things were "beginning to shape up."

After a few hours' sleep back at her home in Flood Street, Chelsea, she emerged briefly for photographers, and by late morning was back at Tory Central Office to congratulate campaign workers.

By that time it was obvious beyond doubt that the Conservatives were back with a sizeable majority and that she would be Britain's first woman Prime Minister. As about 150 party

loyalists drunk her health in champagne, she at last confirmed: "We are on the eve of an historic victory."

Then she closed herself in her office upstairs with Lord Thorneycroft, party chairman, and Mr. Humphrey Atkins, her Chief Whip in the last Parliament. A lunch of ham salad was sent down from the staff canteen. Telegrams of congratulations flowed in, and a local caterer turned up to offer her a cake in the shape of the front door at Number 10.

Soon after 3 pm, she emerged to go to Buckingham Palace for the Queen's commission. Stumbling through discarded champagne bottles to question

her, reporters were assured that she felt "tremendous."

By that time, her activities were beginning to look like a royal progress. As she left the building, Tory Party office girls threw carnations from the windows, the crowd in Smith Square cheered.

Just after 4 pm she swept into Downing Street, where the throngs were held back by police and crash barriers.

Back at Central Office, her son, Mark, who was being pestered for television interviews, showed that he was learning fast for a 25-year-old. "OR—so long as it's not about politics," he replied.

Cautious market reaction

By Christine Meir

BY CLOSE of trading yesterday, market dealers and the major institutions were praising each other for their sobriety and responsibility—not to mention their cleverness in accurately forecasting a workable Tory majority.

Before the market opened, however, it was another matter. Jobbers were at their pitches well before opening and had put a cautious ceiling on bargains in case they were caught short of stock.

Stockbrokers' offices were busy from 8 am with profit-takers closing their positions for the end of the account.

Would-be sellers were anxiously asking the estimated upturn in the Index, preparatory to giving their instructions.

But, in the event, it was a case of "After you, sir. No, after you," when it came to buying and moving up the Index.

Within an hour of opening, the jobbers were clearly faced with cautious sellers, and the brokers' analysts were searching through their books for special positions.

First to be discovered was Satchi and Satchi, the advertising group which steered the Tories through the poster war. By the end of the day it had put on 20p to 215p.

That was not enough, however, to get the market grabbing for the dozen or so blue roses with which jobbers Blagold Bishop had thoughtfully provided themselves.

In the long run, the main event of the day was EMI's poor performance which cost it 23p off its share price—now 114p.

No wonder the BBC outside broadcast unit kept switching increasingly rapidly back to the studio after each perfunctory snapshot of the market floor.

Best pleased man of the day was Mr. Nicholas Goodison, chairman of the Stock Exchange, who flew back from Johannesburg on Thursday to face a barrage of television, radio and newspaper interviews.

He was able to put across his sober reflections on the problems to be faced by the next Government in the coming year against a matching background of responsible capitalism in the market.

SEATS GAINED	
Conservative	
Nelson and Colne (Lab)	Southampton Test (Lab)
Rossendale (Lab)	The Wrekin (Lab)
Hornchurch (Lab)	Meriden (Lab)
Putey (Lab)	Rugby (Lab)
Fulham (Lab)	Gloucestershire West (Lab)
Ilford South (Lab)	Hemel Hempstead (Lab)
Anglesey (Lab)	Kingswood (Lab)
Ealing North (Lab)	Loughborough (Lab)
Newark (Lab)	Lichfield and Tamworth (Lab)
Lincoln (Lab)	
Northampton North (Lab)	Preston North (Lab)
Peterborough (Lab)	Portsmouth North (Lab)
Enfield North (Lab)	Reading (Lab)
Dartford (Lab Co-op)	Brigg and Souththorpe (Lab)
Liverpool Garston (Lab)	Hertford and Stevenage (Lab)
Rochester and Chatham (Lab)	
	Brecon and Radnor (Lab)
Coventry South West (Lab)	Devon North (Lab)
Birmingham Yardley (Lab)	Cornwall North (Lab)
Huddersfield West (Lab)	Montgomery (Lab)
Horley (Lab)	Angus South (SNP)
Sewerby (Lab)	Barry (SNP)
Weymouth and Hattfield (Lab)	Moray and Nairn (SNP)
Watford (Lab)	Galloway (SNP)
Aldridge-Brownhills (Lab)	Aberdeen South East (SNP)
Gravesend	Argyll (SNP)
Birmingham Selly Oak	Perth and East Perthshire (SNP)
Luton East	
Rebington and Ellesmere	Labour
Port	Glasgow Cathcart (Con)
Dudley West (Lab)	Workington (Con)
Luton West (Lab)	Newham North East (Con)
Bristol North West (Lab)	Walsall North (Con)
Oxford (Lab)	Ashfield (Con)
Birmingham Northfield	Birmingham Stechford (Con)
	Garmarham (Fild Cymru)
Basildon (Lab)	Stirling and Falkirk (SNP)
Briarhouse and Spenborough	Dunbartonshire East (SNP)
(Lab)	Paisley (SNP)
Beiper (Lab)	Ayrshire South (SNP)

Callaghan blames defeat on winter industrial unrest

BY IVOR OWEN

LABOUR LOST the election because people "voted against last winter," Mr. James Callaghan admitted yesterday minutes after tendering his resignation as Prime Minister to the Queen.

While congratulating Mrs. Margaret Thatcher on being appointed his successor and wishing her well in discharging her new responsibilities, he maintained that the door to 10, Downing Street, had not been opened to her by popular support for Conservative policies.

It had been a negative vote, Mr. Callaghan maintained, with the Government in the winter industrial troubles at the start of the year producing a Labour backlash.

Mr. Callaghan, a dignified and

upright figure in defeat, offered his congratulations to Mrs. Thatcher at a Transport House press conference.

For her to have become Britain's first woman Prime Minister was "a tremendous moment in the country's history."

Mr. Callaghan emphasised that Mrs. Thatcher would enjoy a healthier inheritance than that bequeathed by Mr. Edward Heath in 1974.

There was little room for doubt that the basic economic situation was better than in 1974, with the reserve assets, then standing at \$7bn, increased to \$20bn.

Inflation had been reduced to under 10 per cent and he believed that it need not go up.

A sudden hush in Washington

ELECTION NIGHT at the British Embassy in Washington

was a rather demure, if not sober, occasion. Mark Martin, writes from Washington.

Mr. Peter Jay, the Ambassador, who will presumably shortly be leaving his post, studied election returns intently by television cameras and privately wishing that a game of bridge could be arranged.

For the most part, the crowd of diplomatic journalists, and interested Americans drank steadily, munched egg and corned beef sandwiches (disfavored, some thought, from the 1974 elections) and listened to a very efficient running commentary provided jointly by BBC Radio Four, beamed in on a special satellite feed and abetted by one of the Embassy's political staff. But the decorum was once briefly broken.

That was when the Embassy's budding Alastair Burnet announced that there was a recount in the constituency of David Owen, the outgoing Foreign Secretary. There was a distinct muted cheer, swiftly followed by embarrassed coughing.

Half an hour later, when Dr. Owen's victory was declared, the silence was resounding. Afterwards, one diplomat confided that he thought the professional staff had behaved rather well but that the security personnel and guards had been a bit rowdy.

LORD GEORGE BROWN, the former Labour Minister, attacked the outgoing Government last night. "We were on a course that was leading to a total decline," he said. It was perhaps one of the richest nations in the world, should be going, cap in hand, to other nations.

MRS. THATCHER has chosen Mr. Henry James, aged 60, former director-general of the Central Office of Information, as her first secretary. Mr. James has held similar posts for Sir Alec Douglas-Home, Mr. Harold Wilson and Mr. Edward Heath.



Mr. David Steel, Liberal leader, and his wife, Judith, after his return as MP.

Steel ready for Liberal revival

By John Lloyd

MR. DAVID STEEL, the Liberal leader, yesterday forecast a Liberal revival in the next Parliament, "from a higher base" than the surge forward which occurred under the leadership of Mr. Jeremy Thorpe in 1970-1974.

Although bitterly disappointed over the loss of three MPs—especially Mr. John Pardoe, his unofficial deputy and the Party's economics spokesman—Mr. Steel was confident that the party would grow strong once more.

On the Conservative victory, he said: "What the country has done now is to climb on the other end of the political saw."

The most pressing problem for the next government, he said, would be the issue of pay policy.

He predicted that the Labour Party would be divided over its future leadership, and that it would swing to the Left. That, too, would benefit the Liberals.

Mr. Steel said he had no doubt that the strategy he offered the country during the election campaign—to elect a substantial number of Liberal MPs to act as a moderating force on the two main parties—was the right one.

However, he conceded that it was a difficult position to publicise and said that it may take "five or ten years to get through."

If there was a leadership election—as the party's constitution permits, following a general election—he would stand as party leader once more, on his record.

His first task was to "rally the Liberal Party and look forward to better times."

The party intends to fight all 81 of the European Assembly seats, although all of its candidates have not yet been chosen.

Brussels hopes for EMS progress as U.S. raises doubts on Africa

Staff correspondents, world wide, assess response to Britain's first woman Prime Minister

THE LIKELIHOOD that Britain's new Conservative Government will closely re-examine the issue of European membership of the European Monetary System has been one of the chief reactions in Brussels to yesterday's election result.

Senior EEC Commission officials made plain that although no early decision on EMS is expected, it is anticipated that Britain will opt for full membership before the end of 1979. Such a move, it is being emphasised, would help to symbolise the more positive and constructive approach to EEC questions that it is hoped, the new government will adopt.

Although there is no doubt that the Thatcher government will defend Britain's EEC interests, as actively as did Labour, it is generally supposed

that the UK negotiating tactics that have been labelled "perpetual renegotiation" of EEC membership will change.

The departure from the Brussels scene of such abrasive EEC opponents as Mr. John Silkin, former Agriculture Minister, and Mr. Anthony Wedgwood Benn, former Energy Secretary, is predictably being greeted with some relief in Brussels.

In Washington, U.S. officials doubt that the advent of Mrs. Thatcher's government will substantially alter the recent pattern of Anglo-American relations. However, there are expected to be difficulties ahead in formulating new policies towards Africa.

On the plus side, it is felt that Mrs. Thatcher's commitment to improving NATO's capabilities accords more with

the policies of the Carter Administration and there is at least the hope, although not the certainty, that she will endorse the SALT agreement with the Soviet Union.

Although Mr. Callaghan's warm relationship with President Carter at times helped U.S. insight into the workings of the European Community, the U.S., by and large, would prefer to deal with a more cohesive EEC.

There is, however, great interest in how the Prime Minister will get on with Herr Helmut Schmidt, the West German Chancellor. One irreverent comment heard inside the National Security Council is that their first meeting may well be tantamount to "Jaws Three"—an allusion to the two successful films about sharks.

Next week Chancellor Schmidt

will become the first foreign head of government to meet the new Prime Minister. He flies to London on Thursday for two days of talks in the latest of the regular six-monthly Anglo-West German summit meetings.

With Mrs. Thatcher and many of her team relatively unknown in Bonn, it is felt that the West Germans are likely to focus on policies rather than personalities.

They will hope for a clear and early signal of Tory interest in good relations with the rest of the European Community.

In the Soviet Union, where the phrase "Iron Lady" has been used about Mrs. Thatcher, the official news agency Tass said that the results of the voting reflected the widespread dissatisfaction of the British electorate with the country's

economic situation and the Labour Government's attempts to place the burden of the crisis on the shoulders of working people.

It said that the voting confirmed the axiom of British political life that the Opposition does not win an election: it is lost by the ruling party.

In Salisbury, Rhodesia's incoming majority-rule administration, hailed Mrs. Thatcher's election victory as "a significant breakthrough" and a "watershed for the West." A spokesman for Bishop Abel Muzorewa, the country's black Prime Minister-elect, gave a warning that he did not expect immediate or automatic improvement.

Mr. Pieter van der Byl, the outgoing Rhodesian Minister of Foreign Affairs, who is likely

to hold a post in the new coalition government to be established at the end of this month, said that there was now a chance that an end would be put to "Western apartheid" in the South African Union. If that happens, "a whole new vista will open for us," he said.

Mrs. Thatcher's administration would not be a "run-of-the-mill" one, but would show "real dynamism," he predicted.

Reaction in South Africa to the Conservative victory was vividly illustrated by the South African Broadcasting Corporation, in its news reports yesterday, of the latest results. The reports were interspersed with recordings of Rule Britannia and Land of Hope and Glory.

In France, where the British general election has provoked unusual interest, it is hoped that the new Government will

adopt a more constructive attitude towards the European Community.

The French Government is well aware that Mrs. Thatcher's administration is unlikely to be less tough than a Labour government in defending the UK's national interests within the Community. But it would certainly welcome a change in style.

But if a Conservative government can persuade the French that it is genuinely interested in European unification, difficulties such as the UK's contribution to the Community budget and an eventual reform of the Common Agricultural Policy stand a better chance of gaining a sympathetic hearing in Paris.

In Canada, Mrs. Margaret Thatcher's election is expected to have a definite influence in

favour of the Tories in the Canadian general election on May 28.

The Canadian voters might take a lead from the British and decide to elect a Conservative Government led by Mr. Joe Clark, Progressive Conservative Party workers said in Ottawa yesterday.

In Austria, 48 hours before its own general election, the result of the British elections was received with unusual interest. Dr. Bruno Kreisky, the Chancellor, said that he was not surprised by the victory of the Conservatives after the conflicts between the unions and the Government. What had happened in the UK was the complete opposite of the past nine years of Socialist rule in Austria, where the unions and the Socialist Government had a good relationship, he said.

Handwritten note: "Jr 11/10/79"

THE WEEK IN THE MARKETS

The market's high hopes for the Tories

The stock market has, after all, got what it wanted—a Tory victory—and if yesterday's reaction was a little muted, well, equities have risen by over a fifth since February. This steep rise in prices is an indication of how much investors are expecting from the incoming administration.

Dividene freedom

The greatest tangible benefit that the equity market hopes to receive from the Conservative Government is the lifting of dividend controls. The party's manifesto said nothing on the subject but it has been taken as read that the abandonment of income policy would have its parallel in the securities markets, and this has been powerful fuel to the market's recent rise.

The two Anglo-Dutch stocks, Unilever and Shell, are the most obvious beneficiaries, as they have considerable pentup dividends waiting to be paid to UK residents. But a number of other companies have suggested that they would increase their dividends by a substantial amount, among them BP, GEC, Ladbroke's, Distillers and Reckitt and Colman. Stockbrokers Phillips and Drew are forecasting a 20 per cent rise in dividends this year if the controls are allowed to lapse.

Dividend freedom would tend to reduce the attraction of some high-yielding shares which would be unable to maintain their yield advantage over the rest of the market, because their present cover is low or, in some cases, inadequate. The distortions of dividend control over the last seven years have not all been one way. Some companies have distributed more of their profits than might have been appropriate, simply because to raise the dividend by less than the statutory 10 per cent has often meant instant redistribution as funds which had bought the shares for income abandoned them.

Sector by sector

The election result has important implications for a number of stock market

sectors. The brewers' share prices have been especially strong in recent weeks, and not just because of the Tories' traditional links with the "beercracy." The intervention of the Price Commission has had a dampening short-term impact on the profitability of groups like Bass and Whitbread. Investor sentiment towards politically sensitive sectors like this—and the food manufacturers—can only benefit from a restriction of the Commission's powers.

LONDON

ONLOOKER

On the other hand, a Budget is looming. Thoughts may now turn to the scale of the excise duty increases which could be imminent.

The election of a Government committed to cuts in public spending can bring little cheer to the building sector, at least in the short term. Building work represents about four fifths of all public sector capital spending. If Tory policies work, of course, lower interest rates and improved business confidence would bring substantial benefits over the longer term.

The promised switch in the emphasis of the tax burden from direct to indirect taxes will not have much net impact on disposable incomes in the short run. But the stores' share prices have been particularly firm lately—this sector is not threatened by the strength of sterling in the way that manufacturing industry is, and its prospects look above average. Profits in the retail sector could rise by roughly a fifth this year.

Two other companies are worth a passing thought: GEC and Vickers both say that the negotiations about compensation for their aerospace

interests have at last begun to show signs of life in recent months. Under the impetus of a new administration, an acceptable settlement could soon be in view.

State sell-off

There may well be a new source of equities coming on to the stock market in the coming months—the Tory Government. There are financial as well as doctrinal arguments in favour of selling publicly owned assets back to the private sector. The new Government will need all the help it can get to finance its borrowing requirements, and its room for manoeuvre would be usefully increased if it could offer investors a choice of equities as well as gilts as part of its funding programme.

The Conservative manifesto stated that the powers of the National Enterprise Board would be restricted solely to the administration of the Government's temporary shareholdings, to be sold off as circumstances permit. It is a good bet that the Fairway engineering group (profits of £5.2m) will be among the first to come under the hammer, followed perhaps by the State's 50 per cent holding in Ferranti and 25 per cent stake in ICL. But for obvious reasons, BIL and Rolls Royce will probably stay in the public sector for years to come.

The manifesto also said that the Tories would offer to sell back to private ownership the recently nationalised aerospace and shipbuilding concerns—which may be a lot easier said than done—and that shares in National Freight Corporation would also be sold to the public. But NFGC may well be a much more saleable proposition in a few years' time, when its profits should be significantly higher than at present. The same applies to British Airways, which is another candidate for the auction.

Then there is British Sugar (a holding of 24 per cent) and BP, where the State's 51 per cent holding is currently worth about £2.4bn. The Tories have said nothing about the future

of the BP holding—but it is perfectly possible that they could sell part of this as well.

Gilt-edged

Like equities, gilt-edged have been rising for some time on the strength of an anticipated Conservative victory and most of the excitement may now be over. The market now has to see whether the Tories can deliver the goods. Long yields of no more than 12 per cent are probably already discounting a two point fall in Minimum Lending Rate to 10 per cent, and that is unlikely to come overnight.

Interest rates have been kept high because of high public sector borrowing and, more recently, official concern at the strength of private sector loan demand. The Tories' determination to reduce the budget deficit is not in doubt, but they will find it almost impossible to make much of a dent in 1979-80, particularly if income tax is to be cut. Equally, demand for bank credit does not seem to be dying down, and the Bank of England is likely to go on opposing a fall in rates which might threaten the monetary growth targets.

The gilt-edged market will naturally be hoping that the Conservative victory will be good for foreign confidence in sterling, as the firmness of the exchange rate has been an important support for gilts over the past two months. For equities of course, the exchange rate is uncomfortably high. At the moment it looks as though gilts may remain firm—if without spectacular gains—through the summer; the first real test may be the 1979-80 wage round, which, incredible as it may sound, starts a mere four months from now.

Dollar premium

Against a peak of nearly 50 per cent earlier in the year, the effective investment currency premium (the extra cost of investing abroad) has fallen back to 23 per cent. The Conservatives are known to be unhappy with the distortions

thrown up by exchange controls and there is a possibility that the premium could be abolished.

However, most of the dealers in this professional market are sceptical (publicly, at least) that the premium will disappear in the short term. Robert Fleming's John Galvanone (the market guru), thinks the Tories will relax controls on direct foreign investment first and not touch portfolio controls for at least a couple of years. He believes the "right" range is between 20 and 30 per cent. The new Government will be alerted by the civil servants to the risks involved in abolishing the premium if they are not already aware of them. The combined capitalisation of the gilt-edged and equity markets amounted to about £250bn compared with Britain's foreign exchange reserves of £20bn. If institutional money started to flee the country in any volume following the abolition of the premium, sterling would come under heavy pressure. This is a risk few politicians would be prepared to take.

Rhodesian bonds

Ever since the Rhodesians declared UDI in 1965, the rogue state's bonds have been a punter's dream. Every rumour and counter rumour about the chances of sanctions being lifted leads to a nervous twitch in the prices of the dozen bonds outstanding (with a nominal value of £4m).

Although the Rhodesians claim to be servicing their debt normally, U.K. investors have not been able to receive interest payments and half of the bonds are now overdue for redemption. Roger Abraham of Simon and Coates, who has made a specialty of researching this colonial backwater, reckons that by the end of this year the total arrears of capital and interest will amount to £20m. Since the beginning of the year the price of the most marketable stock, Southern Rhodesia 3½ per cent 1965-70, has crept up from £52 to £70 and if sanctions were lifted tomorrow Mr. Abraham reckons that an investor would get £11 plus a bit of compensation perhaps for loss of interest.

Obviously, the key to realising the potential in Rhodesian bonds is the lifting of sanctions and the election of a Tory Government means that there should be a better chance of a settlement. Mr. Abraham believes that the bonds still have a long way to go if sanctions are to be lifted.

TOP PERFORMING SECTORS

IN FOUR WEEKS FROM APRIL 5

	% Change
Mining Finance	+11.9
Merchant Banks	+11.6
Food Retailing	+10.9
Hire Purchase	+9.3
Miscellaneous (Financial)	+9.0
Engineering Contractors	+8.0
All-Share Index	+5.1

THE WORST PERFORMERS

	% Change
Discount Houses	+1.6
Overseas Traders	+0.3
Pharmaceutical Products	+0.1
Office Equipment	-0.3
Toys and Games	-3.5
Insurance Brokers	-4.0

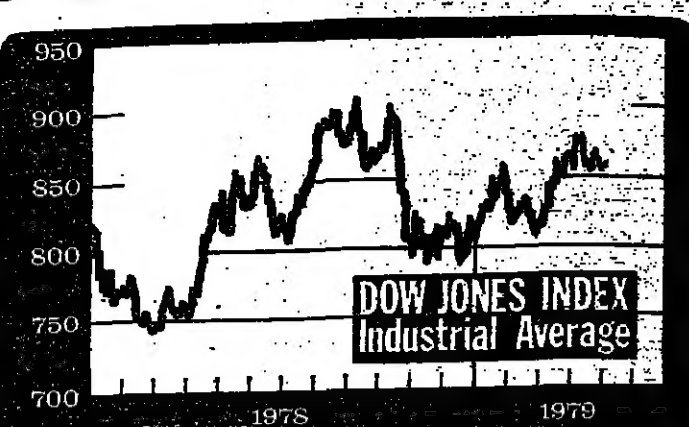
Energy gaps

MANY OF US have mental lists of people we glad we are not. Topping my unfortunate unpopularity list at the moment are Mr. William G. Kuhns and Mr. Herman Dieckamp. Not names, it is true, which bring an instant spark of recognition but senior executives of U.S. electric utility companies are not men who have traditionally hogged the corporate spotlight. As a breed they tend to be very solid citizens, churchgoers many, good husbands and fathers. None of them would have recognised themselves or any of their colleagues in the depiction of the electric company chairman in the current cash-churning popular success, The China Syndrome. For those who have not seen the film this malign character connives in the death of Jack Lemmon who plays an employee in a nuclear power plant who is convinced that its operations are unsafe.

It would have to be a very good film indeed to do justice to the dramatic difficulties of Messrs. Kuhns and Dieckamp, Chairman and President respectively of General Public Utilities. Until March 2, this was a utility holding company whose fame did not spread much beyond its stockholders and the 4m consumers of its electricity in Pennsylvania and New Jersey. GPU's misfortune was to be the owner of the Three Mile Island plant at Harrisburg, Pennsylvania, whose name has become synonymous with the possible perils attached to the nuclear generation of electricity.

Unfortunately for Wall Street Three Mile Island has caused a backlash of investor concern which has hit the stocks of all 207 investor-owned electric utilities in the U.S. Essentially, these are companies which enjoy monopolies in their particular areas which are consequently closely regulated by Federal and State bodies. Most important is the fact that their pricing policies are entirely subject to the approval of local public utilities commissions, some of which are elected, some appointed but virtually all of which are anxious to avoid public unpopularity which comes from granting utility requests for rate increases.

GPU has been telling the Pennsylvania Public Utilities Commission this week that it thinks it can avoid bankruptcy if it can line up an extra \$400m of bank credit and if it can pass on to consumers the cost of replacing the energy not being produced at Three Mile Island. This is running at around \$10m a month and GPU is hoping that before long the Pennsylvania regulators will prove accommodating. They have not been too helpful since the accident and recently rescinded part of two previously granted rate increases that had been pre-



dicted on Three Mile Island being fully operational. There are two units there and while one of them was not damaged it has been shut down until problems and questions raised by the accident are resolved. GPU's problem of securing rate increases from an unsympathetic commission is one which is shared by virtually all utilities around the country. Electric charges are political issues in dozens of communities and on average it can take a utility 10.8 months to secure a rate increase from the time it files its request.

Many utilities are very hungry for rate increases to help fund the large capital construction projects on their drawing boards—many of them plans for

NEW YORK

JOHN WYLES

Unsurprisingly, however, the biggest casualty is GPU whose shares in the last three years have traded between a low of 15.5 and a high of 21.2. On March 27 GPU was worth 17½ per share, but on Thursday of this week it stood at a meagre 10. The company's decision last week to cut its quarterly dividend from 45 cents per share to 25 cents, obviously has not helped but the 175,000 common stockholders in GPU have seen more than \$400m wiped off the value of their company which the market says is now worth just over \$600m when its plant equipment and work in construction is worth \$4,121m.

And who are these stockholders? Well a GPU survey to which 2,000 respondents showed somewhat surprisingly that 15 per cent had annual incomes of less than \$10,000 and 35 per cent below \$15,000, they are far from affluent and there will be many apart from Messrs. Kuhns and Dieckamp, who will be counting the cost of Three Mile Island.

CLOSING PRICES

	Monday	Tuesday	Wednesday	Thursday
Dow Jones	854.90	-1.74	855.51	+0.61
Industrial	855.51	-0.41	855.51	-
Transport	857.39	+2.08	-	-

THE DECISION

By Edgar Allen Balfour during the week to pass its final dividend for the year to March 31 last was sparked by the appalling weather and the transport strike last winter which disrupted incoming and outgoing deliveries resulting in a loss of £800,000 in the final quarter. But the events which culminated in an early warning of an overall trading deficit for the year have been building to a head over at least the past two years.

The dividend, in fact, has been in jeopardy since 1977 when the steel and engineering group had to dip into its reserves to meet the payment which, in the following year, was barely covered. It is a measure of Edgar Allen's determination to staunch a potentially serious cash drain that the final has now been passed at a saving of £90,000. In part, the group can blame a measure of bad luck for the profits slump. Drop hammers, for example, are generally in commission for between 20 and 30 years but over the past 18 months a 12-ton, a 10-ton and a 6-ton hammer have been out of commission after a series of cracks in the die-blocks. "Three attempts were made at casting the largest 150-ton die block before the failure was rectified," chairman Mr. John Oakley was saying last week. Each hammer had been in commission for less than 10 years. "Talk about bad luck, we never seen anything like it."

If these faults have been damaging efficiency in the forging and castings division, Edgar Allen can point to declining domestic demand and vicious import competition for a failure of the special steels operations. These activities lost £239,000 in the six months to end-September last against a profit of £448,000 in the whole of the previous year. Strenuous efforts to cut costs dragged the division back to near break-even in the following three months but industrial disruption in January and February pushed the division into the red by around £250,000 in the last quarter.

The precise destination of Edgar Allen's high speed alloy and carbon tool steels is not analysed but Mr. Oakley is only too aware that the British motor industry and the tractor manufacturers are traditionally major indirect customers. The Sheffield steel producers need only look at the declining share of the UK volume car market and remind themselves

COMPANY PROFILE

EDGAR ALLEN, BALFOUR

RAY MAUGHAN

that Ford is probably sourcing half its vehicles from European plants to understand why demand has fallen so badly. Edgar Allen is probably operating at only 75 per cent of capacity at present, against a trough of some 65 per cent last year, and while increased demand from the aerospace industry (through Rolls-Royce) has boosted orders for high alloy steels, the problems of high import penetration have not been solved.

Mr. Grahame Wise, the managing director, brought in to reorganise the entire group structure in 1977, calculates that total UK consumption of high speed and tool steels amounted to 24,000 tons five years ago, of which imports accounted for less than 15 per cent. Today, he points out, consumption has fallen by 50 per cent and imports hold some 35 per cent of the reduced market.

Labour relations, as the group admits, have been particularly bad. "We inherited the problem," the chairman points out, "when we acquired Balfour Darwins in March 1975." The 10-week strike which followed the closure of Balfour's Capital Tools division in 1977 cost £2m and started the decline in good labour relations.

One of Mr. Wise's principal tasks was to heal these deep wounds. The group now claims to hold much more extensive consultations with the Confederation of Shipbuilders and Engineering Unions, "telling them the facts," is the way Mr. Wise puts it, and the group now believes that this closer partnership is bearing fruit. Some 270 employees in the special steels division went last year. Another 100 were made redundant in forgings—and in vivid contrast to the bitter deadlock at Capital Tools, this pruning has been achieved after just "a few swishes." Special steels now employs 817 people and Wise wants to get the total down to 780 this year. He does not foresee any particular dif-

Let's keep our feet on the ground

CHEERFUL conditions in the markets for all metals, both base and noble, coupled with a Conservative election victory which is doing no harm to investment confidence, may well warm the hearts of mining shareholders on this chilly spring weekend. And, indeed, well it might, but it is worth keeping things in perspective.

The change of UK Government may have only a limited effect on mining investment. Most of the companies are, of course, based overseas and for them the most important change could be a speedier removal of the investment dollar premium on share prices which was due to go sooner or later anyway.

No UK Government has paid overmuch attention to the special tax and other problems of the UK-based concern, despite the fact that they can be said to play a major role in safeguarding the country's vital lifelines of raw materials. There is no reason to suppose that the new Government will be very different from the others in this respect.

But the possibility of a removal of dividend limitation might be welcomed by holders of Consolidated Gold Fields, Selection Trust and Charter Consolidated, although to what extent these companies may be able to take advantage of this remains to be seen. Rio Tinto-Zinc, of course, has been already freed from this restraint because of its high proportion of overseas earnings.

Perhaps the most interesting possibility from a view of increased buying of these overseas mining finance houses. Now that the election uncertainty is out of the way, their earnings are rising in line with general prices, but their share prices are generally lower than those of the overseas counterparts which have the disadvantage of the dollar premium.

Turning to the firmness of share prices we have had more news from Canada this week. Canada's Noranda has reported a first quarter net profit of

CS73.1m (£30.9m) which goes against only CS2.65m a year ago when the company's U.S. aluminium plant was closed.

A 300 per cent rise in first quarter earnings to \$21m (£10.1m) has been reported by America's Kennecott copper giant which expects the full year's result to be the best since 1974. The Connecticut-based Texasgulf has made a first quarter \$32.3m, equal to 61 cents per share against 27 cents in the same period of 1978, and reckons that the year's total could be double that of 1978.

From Australia, MIM Holdings has announced an advance in its third quarter profits to A\$39.9m (£21.32m) which compares with A\$12.5m in the same

MINING

KENNETH MARSTON

period of 1977-78. And Cominco Rio Tinto of Australia has forecast "a healthy increase" in this year's earnings, pointing out that prices for its copper, lead and zinc are from 30 per cent to 50 per cent above the averages for 1978.

But let us pause for a note of realism which has been sounded this week by Mr. John Du Cane, chairman of Selection Trust. He has pointed out that despite their sharp recovery, prices in real terms of copper and other base metals are still well below those of 1974.

The danger is that overseas politicians may be tempted into looking upon the sharply improving earnings of the mining companies as "windfall profits" and will tax them accordingly. It has happened before, notably in Canada. If it happens again, warns Mr. Du Cane, the rest of the world will pay the price.

Mines do not last for ever and the companies need to rebuild their financial strength in order to invest in new mineral ventures. "There are no shortages of base metals in

the ground, but huge sums of money are required to find, mine, smelt and refine them," says Mr. Du Cane.

Already, the lack of new investment in mining operations over recent years points to "serious shortages of several metals" developing in the 1980s if there is an upsurge of investment in capital goods. As it is, metals prices will have a good deal higher than those we are seeing today if there is to be a major new investment in the high cost of mines that will be needed.

Meanwhile, Selection Trust is heading for a much more prosperous year, but "the return on our total assets is still somewhat low because they include a large element representing new developments which have not yet reached the operating stage, and certain of our share investments... have given us so far only modest dividend income."

Clearly, any lifting of UK dividend limitations is not going to lead to any undue loosening of this group's purse-strings. Meanwhile, the shares give a lower than average return than those of the other UK mining finance houses. They still find buyers, however, possibly because of Selection Trust's strength in new mining prospects and its 8.3 per cent stake in Amax. "North America's greatest mining company," in the opinion of Mr. Du Cane.

Mining shares are not bought on the strength of dividend yields and price-earnings ratios alone, but on the longer term growth prospects. That is why low-yielding issues tend to stay that way, although not to the holders who bought them on the way up. A warning in point is Australia's Western Mining which gives a return to a UK investor of a mere 1 per cent. Western Mining, an all-Australian company, also has the important advantage of new mineral deposits awaiting the markets of the 1980s. Its existing operations will be helped by the rising price of nickel which has just been increased to U.S.\$2.85 per lb; it

it was barely \$3 at the beginning of this year.

The rise in prices owes much to the lingering strike at the Sudbury complex of Canada's Inco, but nickel demand is also picking up. For those of a speculative turn of mind, the time has come to consider Australia's Metals Exploration.

Its half-owned Greenvale nickel operation is still burdened with heavy debts and Metals Exploration is a long way from the dividend-paying stage. But at 60p the shares offer a stake in the long-awaited recovery in Greenvale's fortunes which are also being given a lift by the buoyant market for its cobalt by-product.

Finally, a word about gold

TIN OUTPUTS COMPARED

	March, Feb. 1979	Total to date (month)	Same period previous year
Amal. of Nigeria (tin)	194	1,603 (11)	1,827
Amal. of Nigeria (columbite)	23	281 (11)	193
Aokam	146	1,137 (9)	1,204
Ayer Hitam	183	1,680 (9)	1,282
Berjuntan	308	2,784 (11)	4,819
Bislich Jantar (tin)	6	319 (11)	362
CRM Sri Timah	674	684 (11)	1,401
Ex Lands Nigeria	106	1,158 (12)	1,067
Gold Base (tin)	9	56 (2)	47
Gopeng	162	1,571 (9)	847
Idris	24	21 (3)	52
Kinross	55	52 (4)	484
Kintap	22	2,282 (12)	2,311
Kinta Kelas	332	349 (12)	500
Kuala Lumpur	13	16 (2)	328
Low Perak	13	17 (1)	294
Malayan	234	2,440 (9)	1,972
Pahang	122	1,068 (9)	1,139
Pengkalen	124	44 (6)	521
Petaling	162	108 (6)	562
Rahman	77	67 (4)	663
Si. Piran	247	2,232 (12)	2,119
Si. Piran—UK (South Crofty)	78	91 (12)	1,078
Southern Kinta	145	1,221 (12)	1,723
Southern Malayan	170	1,795 (9)	1,563
Sungai Besi	186	2,308 (12)	1,917
Tanjong	124	124 (1)	354
Tongkah	78	154 (3)	357
Tronoh	165	158 (3)	615

* Figures include low-grade material. * Not yet available. Outputs are shown in metric tonnes of tin concentrates.

FINANCE AND THE FAMILY

Units and tax credit

BY OUR LEGAL STAFF

Can a taxpayer whose highest rate of tax is basic rate always use the tax credit issued by unit trust managers in respect of income and accumulation units to reduce the income tax payable on his total income and, if not in what circumstances may this be done?

Yes: section 86(4) of the Finance Act 1972 says that a UK private investor "who is entitled to a tax credit in respect of a distribution may claim to have the credit set against the income tax chargeable on his income under section 3 of the Taxes Act or on his total income for the year of assessment in which the distribution is made and, where the credit exceeds that income tax, to have the excess paid to him."

A French wife's tax

I am contemplating marriage with a retired French civil servant in receipt of a pension. She owns a house in France and will continue largely to reside there and will retain her French nationality. I own the house in which I live in England. Could you tell me what will be the prospective wife's tax position?

Your wife will almost certainly be regarded by the UK tax authorities as resident and ordinarily resident in the UK, but domiciled in France (unless she does not set foot here).

However, article 19(3) (a) of the Franco-UK double taxation convention of May 22, 1968, should exempt her French Government pension from UK

tax: you should mention this to your tax inspector when telling him of your marriage and asking for the special tax return form (11K) designed for, among other people, English-domiciled husbands of overseas-domiciled wives.

If your wife has other sources of income (or potential capital gains), and will be regarded as resident in France by the French authorities but as resident in the UK by the UK authorities, you might like to look at article 3(2) of the double taxation convention, to see whether she may be treated as though she were resident in France only. In a local reference library, you should find a copy of the Franco-UK double taxation convention. In, for example, volume 5 of the British Tax Encyclopedia or volume 7 of Simon's Taxes.

As you will each have a house, you should bear in mind that you have only two years in which to decide which of them is to be deemed (for CGT purposes) to be your joint main residence. While looking up the double taxation convention, you might like to take the opportunity to look up section 101(6) of the Capital Gains Tax Act 1979.

National Savings withdrawals

A friend has substantial investments in National Savings certificates and in the National Savings Bank. She wishes to withdraw these in order to buy a flat, but is unable to do so owing to the continuing strike by Government computer operators. Can she take legal

action to obtain her money, or, if she obtains a bank loan until the strike is over, will the Government foot the bill for interest?

We think that your friend should write (by recorded delivery service) to the National Savings Department informing the Director of her pressing need for the money and of the consequences of non-payment in terms of her having to borrow at interest. She may then be in a position to claim for any interest incurred on a bridging loan if that becomes necessary.

An action of multiplepinding

In my father's will made under Scots law, there is a disputed paragraph, part of which reads as follows: "All my estate... to be divided equally between my son Michael X, and my two daughters."

Taking into consideration the use of the word "between" in its Scottish context which is only applied to two parts, in this case the son being one part and the two daughters comprising the other, and the comma directly after "Michael X," should the son have received one half of the estate and the daughters each a quarter, or should all three have inherited equally? In the event of the executors my sisters and the solicitors who acted as agents for the estate, having interpreted the will to my disadvantage against whom should I direct a claim, the solicitors or the executors?

In our opinion it is well settled

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

and beyond dispute that the working adopted in your late father's will has been correctly interpreted by the solicitors acting for the executors. There is considerable reported legal authority for this view about which any solicitor could advise you in detail. In short the placing of the comma after your name and the adoption of the form of the survivorship destination is liable only to per capita division.

In regard to your other query, should you quarrel with this view a claim would require to be directed against the executors. If there was substance in such an interpretation as you place on the will the appropriate course for the executors to adopt would be to raise an action of multiplepinding, which is a form of process peculiar to Scotland which enables the Court to determine claims which are competing and arise from the interpretation of a testamentary writing.

A rate return form

The local inspector has sent me a rating return form (VO 7161) which has six sections (some divided). I cannot see what right an inspector has to some of the information requested, or how it is supposed to assist in deciding a rateable value. Is this a bureaucratic trap? If it is, who is responsible for allowing this form to be used? What questions is one obliged to answer?

The return form to which you refer will have been sent out under the power conferred by Section 82 of the General Rate Act 1967, and probably refers to that authority. You are obliged, under penalty for default, to complete the return. However, the requirement of a return of information "reasonably required" for compelling the valuation list; so that wholly extraneous questions would not be proper.

Household refuse

I own one of a number of chalets, as to which, until last year, refuse collection was made by the local authority as part of the normal service, and paid for out of the rates. Now, however, the authority are claiming that under Section 73 of the 1936 Public Health Act they are empowered to make a reasonable charge for the removal of trade refuse. Since the chalets are designated as holiday homes, any refuse which accrues is not considered normal household refuse. Do you think this is correct?

We think that the local authority is incorrect. In Westminster v. Gordon Hotels Ltd. (1906) 2 KB 39 a hotel was held to be house refuse, not trade refuse: the test applied being the nature of the refuse, not the use of the premises from which it originated. The local authority is obliged to charge for the collection of all trade refuse—but we think the refuse from your chalets is house refuse.

Uninsured car claims

THOUGH THERE ARE a number of single vehicle motor accidents, the great majority of road accidents involve two or more vehicles, and insurers' long term experience of handling claims that arise from these accidents is that in most cases both, or all, the motorists involved are in some degree to blame.

Take even the case of the stationary parked driverless car which is struck by a passing vehicle. At first sight the aggrieved owner may appear to be able to say that the accident was in no way his fault because a stationary car does not get up and hit anything else; but the precise circumstances do need to be examined before we can give him a clean bill of health. What if the car was parked badly in a narrow street so that if a policeman had happened to come along he could have prosecuted for obstruction? What if the car was left unlit on an unlit road? What if the car was left on a bend in a thick fog? and so on.

So in most two- and multi-vehicle accidents, even those involving parked stationary driverless cars, it is arguable that both or all motorists were to blame. As the lawyers have it, if one has been negligent the other or others have been contributorily negligent: once this is accepted, in the particular case it is all a matter of percentages.

Take a simple crossroads collision: assume the roads are of equal importance, vision is unobstructed and two motorists travelling at similar speeds

collide in the middle, neither heeding the other. Prima facie each is equally to blame and at first sight the percentages are 50/50.

Alter the facts just a little: one road is more important than the other and on the minor road there is a "give-way" sign: here the motorist on the more important road is prima facie less to blame and the percentages might be in the range 33/66 to 25/75, but it is unlikely that he will be completely blameless.

INSURANCE

JOHN PHILIP

Negligence, contributory negligence, and the infinite variation of percentages one against the other, are for motor claims staffs part of the daily routine of handling around two million motor claims a year. For the individual motorist unlucky enough to have his statistically predictable accident every sixth or seventh motoring year, arguments over negligence and contributory negligence can be very vexing and detailed discussion on percentages even more trying.

This week I was asked to help a friend involved in a collision on a large roundabout which enables traffic from six roads to intermingle. Comprehensively insured with a £25 damage excess he had put his damage repair claim to his own insurers

and had no problem on that score, for the lion's share of the £200 odd repair bill had been paid. But he was of course left £25 out of pocket by reason of the policy excess and he had had to hire a car while his own was under repair and this had cost him £75.

One hundred pounds down, my friend was anxious to get this out of the other motorist's insurers, particularly as his own insurers had made the continuance of his full NCD after next renewal conditional on his full recovery of his uninsured losses. Incidentally, this kind of action is not unusual. While strictly continuance of NCD depends on the motorist not claiming, insurers are often prepared to allow its continuance provided the motorist can show that he was free of blame. And how better can he do this than by recovering his uninsured losses in full from the other motorist's insurers?

This, of course, in most cases is a much more difficult task than simple words suggest. Seldom do two colliding motorists agree on circumstances, so the insurers who are handling the liability claim for uninsured loss are faced with a conflict of evidence. If the two motorists disagree, one way of resolving the disagreement is to see what independent evidence witnesses can provide—but so often, perhaps in the majority of vehicle collisions, either there are no witnesses, or none who will admit to having been witnesses: in the absence of witnesses the damage the vehicles have

sustained, the repairs' and engineers' reports, if any, on the direction of impact may be corroborative of one motorist's version or the other.

In short, to make a claim for uninsured losses against the other motorist's insurers it is essential to assemble a weight of evidence sufficient to convince the cynical, worldly-wise, claims handler who, so to speak, has seen it all very many times before.

For the average motorist, to get his claim off the ground, is a daunting task. He can of course consult a solicitor and get expert legal help, though this does cost money: the larger the amount at stake the more necessary is this course and certainly if there is any element of personal injury as distinct from property damage then there is no other sensible way.

But for smaller damage claims the motoring organisations run legal departments whose task it is to help members, while the motorist who arranges his insurance through a broker may well be able to get the broker to put his claim forward against the other insurer. In either case it is questionable whether this will be done for free nowadays as used to be the common practice in better economic times. Without this kind of help the path of the would-be claimant can be difficult.

But before you say this is unfair, remember that there are two sides to every argument, two sides to every collision. If insurers were too readily to pay claims made by "third party" motorists where liability is in dispute then we should all have to pay very much more for our motor insurance.

What goes up must come down

EVERYONE KNOWS that the Income and Corporation Taxes Act 1970, Section 189, allows employees to deduct the cost of keeping a horse if it is necessary for them to travel in the course of their employment. Rather less well known are the other five horses which gallop through the tax legislation should have resulted in equal honour and acclaim, but somehow failed to catch the public's imagination.

These other five were yearlings bred by Lady Zia Werneher, in a stud farm which she ran as a trading enterprise. She was quite prepared to pay tax on its profits, but she and her Inspector of Taxes, a Mr. Sharkey, were unable to agree how those profits should be calculated.

There would have been no difficulty had she sold her five young horses—she would have brought the sale proceeds into account when striking the balance of her profit or loss. But these five were not sold: she merely transferred them to her own racing stables, training and racing being activities regarded not as trading but as hobbies and therefore outside the scope of tax.

The case of Sharkey v. Werneher went to the House of Lords in 1966, and is still the leading authority where traders take goods out of their businesses for private use or consumption. Lady Zia had claimed that her taxable profits should be calculated by crediting an amount equal to the cost of breeding the horses: she would thus have shown a breakeven position, and

paid no tax on the transfer. Mr. Sharkey contended that the animals' open market value should be brought in, and he won.

Whenever a proprietor, whether sole trader or partner, takes goods off his shelves, their market value must go into the accounts he submits to the Revenue. The farmer's "home consumption" of milk, eggs and potatoes are archetypes—and though most farmers would slyly admit that they live off the fat of the land, their accountants would admit that being sly is not the same as being tax-free.

But Lady Zia's horses galloped further than that. The principle of bringing in market value now extends to a wider range of our trader's transactions. Wherever and whenever a deal is done at a very odd price, the taxpayer is in

The courts considered, in 1963, some share dealing transactions which had taken place in early 1959 between members of a group of over 100 companies dealing in securities. One of these companies, Petrolin Securities, sold government stocks with a quoted price of £835,000 to another group company, Ridge Securities, the price at which the parties agreed to sell and buy being £205,000.

Petrolin claimed a repayment of tax by reference to its "loss." It was given short shrift by the courts. Lord Denning's comment was forthright. He said that the Sharkey decision "applies to any case where a trader may for any reason choose to give things away or throw them into the sea. So when he puts securities through his books at a derisory price, the figures are to be regarded as struck out for tax purposes; and in their place you must put in the market realisable value at the time."

One of the points which adds interest to the Petrolin case is that the courts were also able to consider and decide whether the price substituted for Petrolin's sale should also be put in as Ridge's acquisition cost. They reached the commonsense answer, based on the facts found by the Special Commissioners, that the prices should be kept in line with each other.

Sharkey will substitute prices in transactions found not to be part of a trade; the most vulnerable transactions are those put through at a price so odd as to invite the epithets "colourable" or "fraudulent." But some transactions entered into for genuine trading purposes may look strange and unusual, without this opening them to challenge. Similarly transactions of the "loss-leader"

type hold no dangers. There is a world of difference between casting your bread upon the waters, and "giving things away" or throwing them into the sea.

It is not an accident that all the transactions referred to above have been those indulged in by traders—and have related to items which formed a part of their stock in trade. The Sharkey case is only relevant where trades are concerned. It does not apply to professions.

When Hammond Innes gave his father the rights in a book he had written he did not pay income-tax on an open market value for which he could, in the alternative, have sold it. (He went to the courts before capital gains tax was introduced.)

Once again it was Lord Denning who saw the answer most clearly. "Suppose an artist paints a picture of his mother and gives it to her. He does not receive a penny for it. Is he to pay tax on the value of it? It is unthinkable. Suppose he paints a picture which he does not like when he has finished it and destroys it. Is he liable to pay tax on the value of it? Clearly not... a professional man comes within the general principle that when nothing is received there is nothing to be brought into account."

UNIT TRUST AND INSURANCE

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YOUR SAVINGS AND INVESTMENTS

Front-end loads stage a comeback

WATCH OUT for hidden charges if you are buying a unit-linked pension or savings plan. Many insurance companies' unit-linked charges are higher than they look because the initial premiums go into the capital units which bear particularly high charges.

Normal "accumulation" units usually bear an annual charge of 1 or 1.5 per cent. But capital units pay an extra 3 to 4 per cent on top—enough to cream off most if not all of the income from the underlying investments.

With savings contracts, the first year's premiums usually go into capital units. Under many plans the capital units are converted into accumulation units after 10 years—the initial expenses having been recovered.

With pension contracts, however, the first two years' premiums go into capital units.

The system leads to confusion on two counts. First, the investor does not know how much of his investment is being taken out in charges unless he

sits down with his calculator and teed towels and does some involved calculations. Second, he may well think that the capital units are invested in a different fund with different investment objectives from the accumulation units. With unit trust investment, a

UNIT TRUSTS

ERIC SHORT

capital fund has capital growth as its objective and has different holdings from an income fund designed to produce high income payments.

Some life companies, notably Legal and General and Guardian Royal Exchange, have used a different and more realistic name—simply "initial units".

Life companies justify capital units on the grounds that most of their expenses come at the beginning. When a savings or pension plan is set up, the company runs up considerable ex-

penses not only in administration but commission payments and medical fees. Once on the books, the renewal expenses are relatively much smaller. A life company has two courses of action in dealing with this problem.

It can meet these initial costs out of its current income and recoup them later from the premiums. This is the accepted practice with traditional contracts and the life company has to ensure that the outstanding balance is paid on early cash-in. Hence the very low surrender values in the early years.

But it does put a strain on financial resources and only a handful of companies have operated a similar pattern with linked-life business charging a fixed percentage of premiums among them Solar Life, the linked-life subsidiary of Sun Life Assurance and Lloyd's Life (except for executive pensions).

But with capital units, the life company is allowed to telescope the charges into a single initial

take-off. The value of the future charges is "discounted" in many cases at 4 per cent. Thus a charge of 4 per cent per annum over 10 years can be discounted at 4 per cent to produce a lump sum charge of 32 per cent to come off the first year's premium.

This means that for every £100 of premium, the life company deducts £32 together with the other charges and invests the rest to grow at the same rate as the accumulation units. Investors will recognise this practice as old-fashioned front-end loading. The difference is that with traditional front-end loading the investor knew precisely what was happening. Now he does not—a good public relations exercise.

Investors should check out charges before making a unit-linked investment. Handbooks published by Fundex on regular savings, the self-employed and executive pensions contracts set out clearly the charges in their description of the various plans available.

Gamblers have had more ways of backing their electoral hunches than ever before, writes John Makinson

Thatcher backers scoop the pool

"IT'S LIKE THE Siberian salt mines over here," complained the man from Joe Coral. The bookies were kept busy this week with cash registers ringing up anything from 50p to £30,000 for those with a thirst for election night excitement. The bookmakers had probably taken around £3m in bets on the election by Thursday, with business picking up late on as the polls suggested a dramatic narrowing of the gap between the parties.

The odds remained heavily on the Conservatives to the end, however, reflecting not only scepticism about the oracular powers of the pollsters but an absence of large-scale hedging. During the 1974 elections some bookies had been surprised to hear from venerable City gents calling in with large bets on the Labour Party, to offset potential stock market losses; but this time the City seemed basically content of a Tory victory despite the bout of hiccups suffered by the FT index every time a new poll was announced.

The largest bets were all on the Tories, though one bookmaker took a £12,000 hedge on Labour. The biggest of all was a £30,000 bet on the Conservatives from a man who told the bookies he would also stand to lose £30,000 on the Stock Exchange if Labour won.

The level of betting was certainly a record in money terms. But, discounted for inflation, it represents only a small rise on the 1974 elections. At Ladbroke's business was actually down: takings estimated at £800,000 this time compared with £870,000 for the October.

1974 sweepstakes. But this was mainly a reflection of Ladbroke's decision not to advertise its election odds this time.

With odds on the Conservatives ranging between 4/11 and 1/4 there was not much to go for. A £100 bet, tax-paid, would return about £119 at 2/7, the odds being quoted on Wednesday morning. Net of dealing charges, the FT index would need to rise to 639 from Wednesday's opening to record the same gain, which might seem optimistic even to the most bullish operator, but then the risk is lower at the Stock Exchange.

Early in the week a wager on Labour must have looked attractive at 11/4 but, even so, the odds held steady after

Tuesday's NOP poll hinted at a victory for the Left. The odds on one or other party winning without an overall majority showed only a modest movement, although a bet in that direction probably seemed like cowardice to many a hardened punter. As one bookie put it: "A hung Parliament is like tossing a coin and having it come down neither heads nor tails."

Confidence in a Tory victory was reflected in the Coral Index, the system for betting on the level of the FT Index. Coral's level for buyers of the index was eight points above the real index and the seller's level was three points above. Normally Coral's levels straddle the FT index.

But Coral executives reckoned that even so they were badly placed if a Conservative win detonated an explosion of joy on the stock market. Daily turnover has risen to £5,000, from the level of under £1,000 which is the norm in quieter times.

On the traded options market buyers had completely discounted a Labour win and were doing business at levels which many brokers regarded as absurd. With the 300-300 share price at 240p, customers were paying a premium for a 360p and May option, which meant the share price had to rise over 9 per cent in under a month for the investor to show a profit.

The boom was partly technical—there was a shortage of writers and jobbers wanted to keep their books balanced—but private individuals were not deterred by the discouraging noises from their brokers and bought as a punt regardless.

In the election race which had everything a sophisticated wager could be laid through Slough Estates, which is making £25m a year, the share price was being quoted at a premium of 15 per cent in mid-week, with the share price trading around 180p and the conversion price at 192.3p. The idea of paying 115p for a £1 stock before issue clearly has its charms for City hands expecting a Tory victory and subsequent price rise.

The bookmakers have good news for anyone who woke up empty-pocketed on Friday. The Classic season is now under way, so whatever was lost at the polling station can be made up at Newmarket.

After the Tories' win, is now the time to start a business? Budding entrepreneurs should study the tax advantages of partnerships over limited companies before taking the plunge, writes Eamonn Fingleton

A partnership for tomorrow's men

IF YOU are setting up in business, get the taxman to put up the lion's share of the risk capital.

You can enlist the Inland Revenue as an unwitting backer for a new enterprise if you set up as a partnership or a sole trader. This is because under the latest tax rules you can set off start-up losses against your PAYE tax in the three years before you took the plunge.

And no matter how successful you are in your first years, on paper at least you are likely to make substantial losses.

The rules mean in effect that the taxman puts up as much as 83 per cent of the initial capital in the case of a top executive setting up on his own. Even lower earners who paid just basic rate tax in their salaries jobs can tap the Inland Revenue for more than one-third of the start-up costs (the basic rate of tax three years ago was 35 per cent).

This privilege is not available to those who start in business with a limited company.

The result is that City experts like Eddie Ray, a partner in top accountants, Spicer and Pegler, reckon that the conventional wisdom that the first step of would-be tycoons should be to set up a brass-plate company is now out of date.

The penny has not yet dropped with most family solicitors who act as midwives to so many small businesses, however. In many cases they still recommend the limited company route without a second thought.

In any case, thanks to generations of conditioning, budding entrepreneurs aspire to limited company status in much the way small boys yearn to wear long trousers.

Ray, who advises many major stockbroking and solicitors' practices on the tax aspects of partnerships, reckons that for small businessmen the tax advantages of setting up as a sole trader or a partnership now often heavily outweigh the disadvantages. And even for businesses where in the long-

run a company is the right answer, there may be a case for starting as a partnership or sole trader and switching to company status after five or six years.

He points out that the advantage of limited liability you get by trading through a company is often a mirage. In reality it is rare for a competent sole trader to lose his shirt. He can in many cases insure against the vagaries of luck. Bad debts, legal expenses and employees' liability can all be covered by insurance.

Ray says: "In many busi-

nesses it is often possible to see well in advance how things are going. The effect of unincorporated status is simply to concentrate the owner's mind. At worst he may have to close down a few months before he otherwise would have."

If he fears the business will fail, it is far better now from a tax viewpoint to be unincorporated.

There are, of course, many risks: trades where trading in your own name probably still does not make sense; in the fashion business, for instance, your stock may become unsaleable overnight if styles change.

Companies have the advantage that profits up to £50,000 a year are taxed at a flat rate of 42 per cent, whereas sole traders and partnerships suffer up to 83 per cent on the top slice of their earnings. But Ray reckons that with reliefs for mortgage, pension and so on, a husband and wife partnership need to be making profits of nearly £30,000 a year before a company would be a better bet from a tax viewpoint.

And profits made in a company, of course, are in any case less valuable than money in your pocket—because they cannot usually be tapped without paying further tax.

The new tax rules, which came in last year, mean that someone setting up on his own or in partnership making a loss in any of the first four tax years in business, may take that loss back against his earned income in the three preceding tax years. So if an individual who is doing well as an employee decides to set up on his own and makes a loss in his first year of trading he can recover the tax suffered on his em-

ployee income of the three previous years.

While the trader's own accounts may show at profit, the tax picture may, nevertheless, be a big loss. The tax laws allow a trader to write off 100 per cent of the cost of purchases of plant and machinery and of the trader's own salary in the year of purchase (whereas the trader himself in his accounts may be writing off that cost over, say, five years). A trader can also keep his taxable profits down by using "stock relief", which was introduced in 1975 to allow traders to finance the ever increasing cost of carrying stocks and work in progress.

By contrast in a company one might find losses being carried forward because there are no profits to cover them, while, at the same time, the individual proprietor is having to pay himself director's fees (and to pay tax on those director's fees).

The opening year of any new business is likely to be less profitable than later ones. Staff, suppliers, customers and stock have to be built up. And there may be heavy initial advertising.

There is a further advantage of the unincorporated state, in what is known as the preceding year basis of assessment. A company is assessed on all its profits year by year, by reference to the actual profit earned. A sole trader, or a partnership, is likewise assessed each year but the assessment for any fiscal year (commencing on April 6) is based on the business profits of the last completed accounting year. If accounts are made up to April 30, the 1979/80 assessment will be based on the business profits of the year to April 30, 1978—a gap of almost two years.



Ray don't be limited

Computer in the cupboard

BRITAIN has come a long way in controlling credit since Shakespeare's warning, "neither a borrower nor a lender be." Some think too far.

The latest controversial measure is the 1974 Consumer Credit Act. It has taken five years to implement less than half the provisions. And "truth in lending," probably the Act's single most important provision, has not yet come into force.

The word is, however, that after years of delay due to technicalities it may come into force before the summer recess—assuming the new Government agrees. It will be a rude awakening for consumers who are often misled by different credit costs quoted to them.

Truth in lending will require lenders to state their true interest rates using official tables.

The five-year "delay" in introducing the "truth in

lending," in essence one of the more reasonable provisions in the Act, results mainly from the need to work out highly complex interest rate tables. The burden of using these tables will be borne by companies selling credit—a burden many of them claim is an unnecessary imposition by an overly ambitious Government department.

CREDIT

COLLEEN TOOMEY

Giving the true cost of credit will, for the first time however, enable many consumers to shop around and compare costs, no matter where they go to borrow money or whatever pay back system is used.

Number 1 cover would provide four annual stays of two weeks each at the Wellington. For a man aged 45 and his wife the annual premium is £252.12 if he pays by direct debit.

Under Number 2, the premiums drop to £214.32 by direct debit and premiums for the standard benefits are £182.16.

Reductions in premiums are available on group schemes, such as schemes arranged through a professional body. Better still, get your employer to pay the premiums through a company health insurance scheme.

Money Monitor

Life at the top

Familiar names predominate in Money Magazine's latest survey of with-profits endowment returns.

Among 25-year policies maturing in February, Standard Life's pay-out was highest, showing an average annual return of 8.9 per cent on net premiums. Clerical Medical and General was best over 15 years, with a return of 10.9 per cent a year. And Equitable Life was best over 10 years with 12.6 per cent.

New prescription

If you need to have your appendix cut, would you want the operation to be done by a top surgeon at the exclusive Wellington Clinic in a room next, probably to an oil sheikh? Or would you settle for the local consultant at the nearest Nuffield Nursing Home Trust clinic? Whatever the level of medical care you aspire to, the new health insurance plan from Private Patients Plan can cater for it, writes Eric Short.

The new Family Master Plan, a repackaged and simplified version of P.P.P.'s existing schemes, offers three levels of benefits—standard, deluxe and plutocratic—with premiums to match. Under the standard cover, Number 3, the benefits cover full charges in a provincial teaching hospital of the National Health Service or at a Nuffield clinic, plus all fees and other treatment costs. The ceiling on benefits under this cover is £15,000 a year. The deluxe model, Number 2, covers operations in a London teaching hospital while the plutocratic version, Number 1, covers treatment at any UK hospital. Under Numbers 2 and 3, the maximum annual benefit is £20,000.

The Wellington's weekly charges are from £900 upward, compared with a London teaching NHS hospital cost of £561 per week. Add another £500 or so for fees and one can see that

In many cases, the true rate, sometimes called the "yearly rate of total credit or the annual percentage rate," is nearly double the "flat" rate many in the hire purchase industry still quote.

For someone borrowing £100, for example, a shop will ask for a deposit of 20 per cent and monthly payments of £4.25 for two years. The true rate of interest is, in fact, 27.4 per cent but he will be quoted a flat rate of 13 1/2 per cent.

So complex is the method of working out the true rates of credit that the Department of Prices and Consumer Affairs is issuing 15 volumes of Consumer credit tables to help traders. Not all will be relevant to one trader, however.

Regulations introduced in 1977 govern interest charges and state certain assumptions necessary to calculate in advance the total cost of credit in pounds and pence. The regulations also lay down complicated rules for converting the cost in money into an annual percentage charge.

The advertisements by companies offering credit will not in future be noted for their brevity, either. Advertisements quoting interest rates must include such information as the

annual percentage rate of the total charge, the deposit, the number and amount of payments required and what security is needed, if any.

"As far as we know we have blocked out the obvious, serious loopholes," a Department of Prices spokesman says.

Among the strongest opponents to the proposed provisions are High Street banks. The practice of implementing "truth in lending" will be vastly different from Government theory, a legal adviser at one bank warns. He says: "We are convinced you can implement the provisions where interest rates are fixed at the start. But as soon as you operate a bank scheme where each customer differs greatly in borrowing requirements and where base rates fluctuate, the results can only be hypothetical nonsense which could be positively misleading."

He claims that a computer will be needed to work out the figures to borrowers—either that or the flexibility of the overdraft system will have to do.

At the end of the day, bankers point out, the additional work required to give the true cost of credit must be reflected in higher charges.

However forbidding the system may appear to traders who will have to offer true credit costs, consumer organisations at least generally appear to welcome "truth in lending."

High income from Gartmore

8.38%
Estimated annual gross yield
until May 1980

Gartmore High Income Trust is primarily invested in UK equities, and aims to provide a high and increasing income without sacrificing potential for long-term capital growth.

Since the Trust was launched in April 1975 the offer price of units has increased by 166.1%, compared with a rise of 102.4% in the Financial Times Ordinary Share Index. In addition ordinary unitholders have to date received a gross income of £59.31 for every £100 invested. Remember that the price of units and the income from them can go down as well as up.

You should regard your investment in High Income units as a long-term one.

You can invest any amount over £200. Simply fill in the coupon or to avoid postal delays, telephone your purchase order direct to the Gartmore dealing desk at 01-623 5766/5806.

I am available at the bank upon request and will be pleased to meet any enquiries. Applications will be accepted on a first-come, first-served basis and will be subject to the usual conditions of sale. The Trust is a private company limited by guarantee. It is not a public company. The Trust is not a company for the purposes of the Companies Act 1947. The Trust is not a company for the purposes of the Companies Act 1947. The Trust is not a company for the purposes of the Companies Act 1947.

GARTMORE

Gartmore Fund Managers Ltd. 25, Mary Axe, London EC3A 8EP. Dealing: 01-623 5766/5806. General Enquiries: 01-623 5531. For a free prospectus or other information, please write to: Gartmore Fund Managers Ltd., 25, Mary Axe, London EC3A 8EP.

I/We should like to buy Gartmore High Income Units to the value of £100 (or more) at the offer price ruling on the day (or more) at the time of purchase.

I/We enclose a remittance, payable to Gartmore Fund Managers Ltd., for the purchase of the units.

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BRITANNIA TRUST MANAGEMENT

SPECIAL SITUATIONS TRUST

Following the Trust's change of name (from Britannia New Issue Trust) and adoption of a revised investment strategy, the Managers intend to invest in Special Situations in both the United Kingdom and overseas markets. This will enable holdings to be acquired in companies which, in the Managers' opinion, may be regarded as possible bid prospects or recovery situations. In addition, the Trust will continue to participate in new issues.

The Managers feel that the new investment policy of the Trust makes it a more attractive and potentially more rewarding investment than before, although it is acknowledged that a Special Situations Trust can be more volatile than most trusts and, thus, should form only part of an investor's portfolio.

The special situation investments

which the Managers expect to include in the Britannia Special Situations Trust portfolio have historically, out-performed the leading shares. The Managers believe that there are still outstanding investment opportunities to be taken by the Trust. The present time is an excellent opportunity for purchasing a holding in the Trust. A special discount of 1% off the published offer price of units will be given on applications received by 11th May, 1979.

You should regard your investment as long term.

The price of units and the income from them can go down as well as up.

For your guidance, the offer price of units on Friday, 4th May, 1979, was 53.7p per unit. The estimated annual gross yield was 13.22%.

GENERAL INFORMATION
Britannia Special Situations Trust is a private company limited by guarantee and is regulated by a Trust Deed dated 4th May, 1979. Prices and yield are published daily in several national newspapers.
INCOME. The Trust will make net distributions of income on 1st September (quarterly) and 1st March (half). Applications for this offer will receive their first income distribution on 1st September, 1979.
CHARGES. The offer price includes an initial management charge of 5%. The annual charge is 1% (plus VAT) of the value of the fund paid out of income. Commission of 1% will be paid to authorised agents.
TERMINATION. The Trust may be terminated by the Managers at any time without notice, provided that a formal resolution is passed by the Managers. Payment will normally be made within a reasonable time of receipt of the termination notice.
MANAGERS. Britannia Trust Management Ltd. (Members of the Unit Trust Association) is the Manager of the Trust. Registered office: 314 London Wall Buildings, London EC2M 6LJ. Telephone: 01-623 5766. Registered in London, number 26196. Trustee: National Westminster Bank Limited. Britannia Special Situations Trust is a wide range investment.

1% DISCOUNT OFFER
up to 11th May 1979

SPECIAL SITUATIONS TRUST

To: Britannia Trust Management Ltd., 314 London Wall Buildings, London EC2M 6LJ.
I/We wish to invest £ in Britannia Special Situations Trust units at a discount of 1% off the published offer price ruling on the day this application is received by the Managers up to 11th May 1979. The minimum initial investment is units to the value of £500 including the 1% discount. Additional unit purchases must be for not less than £25.

I/We enclose a remittance, payable to Britannia Trust Management Ltd.

Please tick box(es) as applicable if you:
☐ Want maximum capital growth by automatic reinvestment of net income.
☐ Wish to receive details of the wide range of Britannia Trusts.
☐ Already own shares and want to know how they can be exchanged for units.
☐ Already hold units in this Trust.

I/We declare that I am/we are not resident outside the United Kingdom (as defined in the Bank of England's Notice 1967) and that I am/we are not acquiring the units as the nominee(s) of any person(s) resident outside these territories. If you are unable to make this declaration you should apply through your bank, stockbroker or solicitor in the UK.

Signature(s) Date

If there are joint applicants, all must sign and attach names and addresses separately.

TITLE FULL FORENAMES

SURNAME

HOUSE NO. AND STREET

TOWN

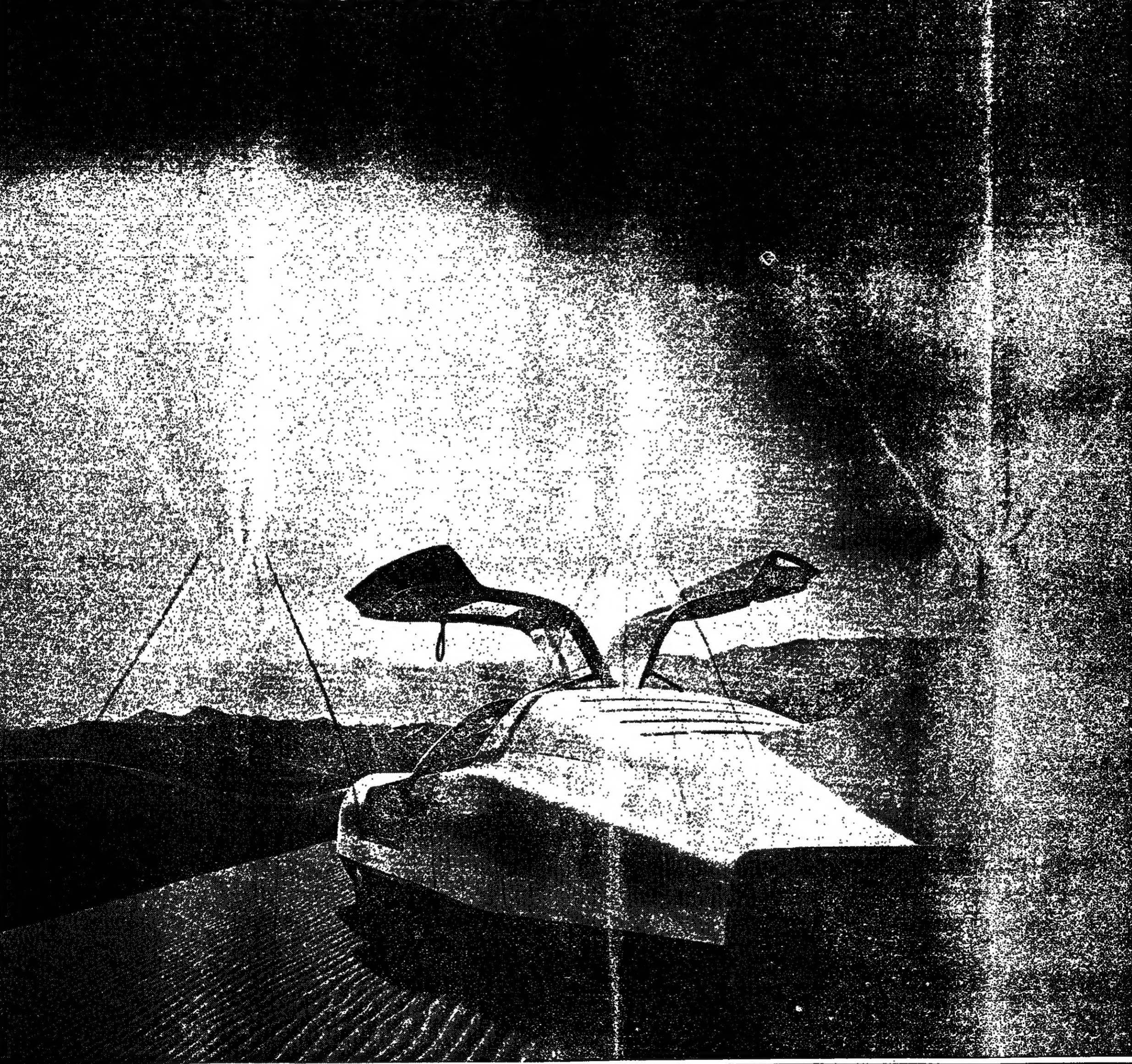
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JAN 1980

السؤال الأول

SOME PEOPLE TAKE THE FUTURE OF THE DIESEL CAR MORE SERIOUSLY THAN OTHERS.



Those of you who currently own one of our diesels can already appreciate the benefits of this research. The latest series of tests with the C111 Mk3 will lead to more improvements in the future.

What we must point out is that it was never our intention to reproduce this design as a production model. Cars for everyday use have to meet very different requirements. However, the engine in the C111 Mk3 is similar to the one used in the Mercedes-Benz 300D, which has a fuel injection system, turbo-charging and an intake cooling system. And it was this engine that set nine new world records last year.

Destroying every myth about the diesel engine's sluggish performance.

On the Nardo test track in Northern Italy the C111 Mk3 performed at speeds

ranging from 195 mph to 203 mph for hour after hour after hour.

For example, from a standing start it covered 100 miles at an average speed of 198.736 mph, against the previous best of 196.67 mph.

Another world record the C111 Mk3 set was driving 12 hours non-stop at an average speed of 195.398 mph, over 25 mph faster than the old time.

Less dramatic than world records, but more significant in the long term will be the success the tests have on fuel consumption and the protection of the environment.

The very small toxic content of the exhaust gases from current Mercedes-Benz engines is the result of extremely efficient fuel combustion.

Yet they more than meet the most stringent legislation of anywhere in the world without any loss of performance.

As the engine performance of any car increases so does the fuel consumption. Yet even at 125 mph the C111 Mk3 still averaged 14.7 m.p.g. per gallon.

The C111 Mk3 has corrected many misconceptions.

But as we said earlier the tests with the research vehicle are just a part of the programme. Today's Mercedes-Benz diesel cars already incorporate much of the technology that we are continuing to refine on the test track.

The three models to choose from are the Mercedes-Benz 200D, the 240D and the five-cylinder 300D.

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Newbury 11 miles Andover 5 miles
 Late 19th Century 7-Bedroomed Manor House of Great Character in need of Modernisation and Improvement. Three-Bedroomed Lodge with Extensive Downland Views. 55 Acres of 1st Farmland in 2 lots.
 Four-Bedroomed Period Thatched Farmhouse with Farm buildings, in need of Complete Renovation with 5 Acres (Part 1st).
 45 Acres of Amenity Scrub Woodland (subject to Limited Commons Rights) with 1st Farmhouse.
 21 Acres of Amenity Woodland with Sporting Rights.
 238 Acres of Woodland Let to the Forestry Commission with Valuable Sporting Rights in 2 lots.

IN ALL SOME 450 ACRES
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 (unless sold privately) as a whole or in 10 lots
 ON 25th JUNE, 1979

John D. Wood, 21 Berkeley Square, London W1X 6AL
 John D. Wood, 2 St. George's House, St. George's Street, Winchester, Hampshire SO23 8BG (0962) 63131 or
 Horbury, 24 High Street, Andover, Hampshire SP10 1NR (0264) 2402

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Farnham 3 miles Guildford 12 miles
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 THE FRESHAM VALE ESTATE, ROWLEDGE
 FRESHAM VALE TO COMPRISE: A BEAUTIFULLY SITUATED REGENCY RESIDENCE WITH 7 ACRES, Swimming Pool, Terrace and Woodland.
 FRESHAM COURT TO COMPRISE: A LOVELY QUEEN ANNE COUNTRY HOUSE WITH 24 ACRES OF GROUNDS. Detailed Planning Consent for Division.
 GARDEN COTTAGES for conversion to single residence (subject to Planning Consent) with 1/2 Acres of Garden and Woodland, Walled Courtyard.
 COURTYARD, BUNGALOW with adjacent buildings for extension. Just over 1/2 Acres.
 FURTHER LOTS INCLUDING FARM BUILDING, PADDOCKS, ORCHARD, WOODED GARDEN AND WOODLAND. FROM 1/2 ACRE TO 10 ACRES THE WHOLE EXTENDED TO ABOUT 90 ACRES. THE MAJORITY WITH POSSESSION.

FREEHOLD FOR SALE BY AUCTION IN 19 LOTS
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 Weller Eggar, 4 Quarry Street, Guildford, Surrey GU1 3TY 0453 75322
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Horsham 8 miles (Victoria 55 minutes)
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 A FINE LATE GEORGIAN COUNTRY HOUSE
 IN AN EXCEPTIONAL POSITION
 Entrance Porch, Reception Hall, 3 Reception Rooms, Kitchen, 8 Bedrooms, 3 Bathrooms, 17 in suite, Billiard Room, Partial oil-burned C.H. Gilding for 2, Outbuildings, Heated Swimming Pool, Hard Tennis Court, Paddock, Entrance Lodge.
 IN ALL ABOUT 46 ACRES
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SUSSEX - A very fine Georgian property for sale in a superb location. 10 reception rooms, 7 main and 8 secondary bedrooms, 3 bathrooms, 17 in suite, Billiard Room, Partial oil-burned C.H. Gilding for 2, Outbuildings, Heated Swimming Pool, Hard Tennis Court, Paddock, Entrance Lodge.
 ON THAMES - 15 minutes from London. 20 minutes from Oxford. Fully furnished house of 10 reception rooms, 7 main and 8 secondary bedrooms, 3 bathrooms, 17 in suite, Billiard Room, Partial oil-burned C.H. Gilding for 2, Outbuildings, Heated Swimming Pool, Hard Tennis Court, Paddock, Entrance Lodge.
 MARSH & PARSONS have a wide selection of properties in the South East. Contact: 01-225 8788, 01-603 9275.

PROPERTY

Doing it the Scottish way

BY JUNE FIELD

THE SYSTEM of selling residential property in Scotland is very different to that of the other side of the border. In most cases, when a property is offered for sale an asking price of "offers over" is quoted, and the sale of property has by tradition been dominated by solicitors, who have always been the men of business for the Scottish family. Only in recent years has the professional estate agency become an important part of the residential market.

This week, two estate agencies, Savills, of Berkeley Square, London, and J. T. Sutherland and Company, Brechin, Angus, announced the amalgamation of their practices. The business is continuing under the name Savills, and the partner responsible is Ian Sutherland. A new office will be opening on June 1 at 12 Clerk Street, Brechin, but until then business is going on at Bank of Scotland Buildings, Brechin.

"This amalgamation will give Savills their first office in Scotland," explained Guy Galbraith at the London office. "It is established to strengthen their estate management service and form a close link in the sale and purchase of sporting estates, houses and agricultural land. The firm will also continue their close association with John Sale and Partners in the Scottish home market."

Well endowed with cottages, castles and farms, Scotland as a whole is an attractive area, both to native and overseas buyers, and prices are rising. Mr. Galbraith declares that this year "we will grasp at the pre-premium prices asked for vacant possession hill farms with the chance of an odd stag, a few grouse to shoot and a nice place to live in."

Property with sporting and fishing rights is naturally much in demand, and considerable interest is being shown in

Bellabeg House, Strathdon, which has its own salmon fishing. The house, listed Grade B, is in 13 acres of Aberdeenshire's most attractive countryside, in an area famed for its grouse moors and deer forests.

Bellabeg House was built by John Forbes of Newe in the early 1730's, and the face of the south wall reveals the warm mellow granite which is beautifully painted in "cherry cope" fashion. The accommodation, in excellent decorative order, includes two living-rooms, sun room, gun room, four bedrooms, two with dressing-rooms, and three bathrooms. There are also a pair of modern semi-detached cottages plus outbuildings, two paddocks and a strip of land along the north bank of the River Don. Guy Galbraith, Savills, 20 Grosvenor Hill, London W1, or Ian Sutherland at Savills, Brechin, Angus, are inviting offers in the region of £80,000.

Well equipped and double-glazed 3-bedroom bungalows set around a mill stream close to the 7th, 4 miles from Perth, are designed to appeal to the sporting too — there is skiing at Aviemore, golf everywhere, with fishing in river, lake and sea. From £29,000 freehold, brochure Bell-Ingram, Durn, Isla Road, Perth, or Estates Manager, Wilson Properties, Heather Park Drive, Wembley, BA0 1SX.

In a recent report on the residential property market in Scotland, Bernard Thorpe and Partners, who have offices in Edinburgh and Glasgow, point out that Scotland in the past has traditionally been a nation of council tenants, but that during the last 20 years the pattern of home ownership has steadily altered, until now about one third of the population own their own homes, in contrast to England where the proportion is just over half.

"This trend is continuing, and is the basic reason behind the steady demand to purchase houses and flats throughout the country. A demand which has led to awareness by the general public of marketing procedures. The success of the estate agent has caused solicitors to re-think their selling policies, and by national television and press advertising, together with the introduction of the Property Centre service, the Law Society of Scotland is trying to contain the movement towards estate agents. Altogether, however, the increased market activity has led to a better service being offered to buyer and seller alike."

So how do Solicitors Property Centres work? There are 18 centres in operation, each run by a committee of local solicitors, but they vary in constitution and operation. Financing varies according to the number of members, and therefore so do the premises, staffing and hours of business. They all act under the auspices of the Law Society for Scotland and there are three or four representatives' meetings in Edinburgh each year. The Centres, unlike the solicitors, are allowed to advertise and the properties are set out in a local newspaper under one heading.

Though loosely connected, they are autonomous, and vary in their services from Centre to Centre. Most have all the "goods" on display in reference books so that enquirers can come in and leaf through them at leisure without making themselves known. All the details from price to viewing arrangements are contained in the schedules, and usually copies can be obtained for the asking.

Edward Ballard, manager of the Solicitors Property Centre for South West Scotland at 86, High Street, Dumfries, explained the system: "Eventually any offer is made to the solicitor acting for the seller. This Centre is particularly fortunate in having almost 100 per cent membership of the solicitors of our region, with the exception of far West Wigtownshire. There are about 70 members comprising the partners of 27 firms. In this way almost every property coming onto their books is registered here, and therefore open to the public eye."

Bellabeg House, Strathdon, Aberdeenshire, a listed Grade B building in 13 acres, with its own salmon fishing, is for sale through Savills, Brechin, Angus, who are inviting offers in the region of £80,000. There are 4 bedrooms, 3 bathrooms, a pair of semi-detached cottages, two paddocks and a kitchen garden with soft fruit.

"Members usually compile their own particulars and value the properties by their own judgement and reference to the sale records held in this Centre, available strictly to member solicitors only. Members send in their particulars on a standard form with a photograph which we then photocopy for distribution."

"The cash flow for this Centre is derived from a single fee payable by the seller, through the solicitor, for placing the property on the books. These have just been increased, and now range from a minimum of £20 up to a maximum of £40, depending on the asking price."

We also derive a small secondary income from acting as an advertising agency for the property advertisements. Commission for sale goes to the solicitor, and is normally 1 per cent, though in some cases this can be up to 1 1/2 per cent, which is the maximum allowed. The Centre does not expect to receive more income than is required to pay its running costs. Capital expenditure for new premises or alterations is financed by member solicitors by contributions.

Brief details of all properties are sent out in coded form on a mailing list, and people can ask for full particulars of what interests them. Currently on the list I saw a mill house at Crossmichael, near the busy market town of Castle Douglas, over £10,000, and in the Gallinway Hills, seven miles from the Solway Yachting Centre, the Hermitage (modernised) with about 13 fertile acres and farm buildings, with a price tag of £48/50,000 on it. There are also several cottages on offer at

over £5,000," which sell quickly. Restoring castles is also popular in Scotland, even if taking on solid heaps of stone means considerable hard labour and a steady cash flow. A source of supply is the Historic Building Bureau, Scottish Development Department, New St. Andrew's House, St. James Centre Edinburgh.

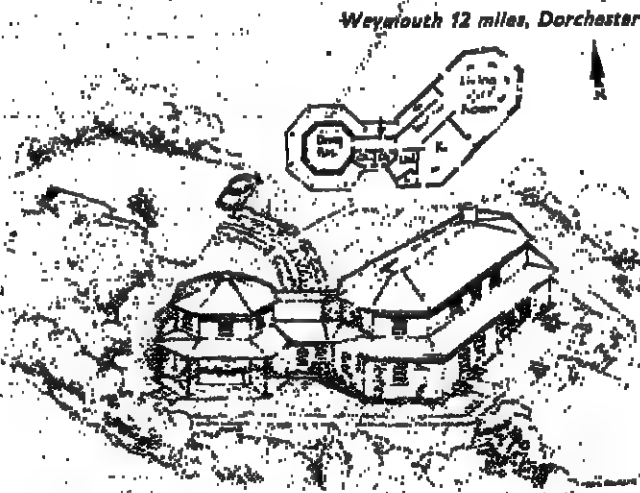
The Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh, will send an Enjoy Scotland Pack for £1.50, which includes a touring map and an information booklet wishing you Ceud Mìle Fàilte — a hundred thousand welcomes. Try pronouncing it "cute meela fahla."



Old Hermitage, 4 miles from the busy market town of Castle Douglas, 7 miles from the Solway Yachting Centre, includes over 13 acres of fertile land, and a number of buildings forming the steading — barn, stable and calf house. Price £46-50,000. Details Edward Ballard, The Solicitors Centre for South West Scotland, 86 High Street, Dumfries.

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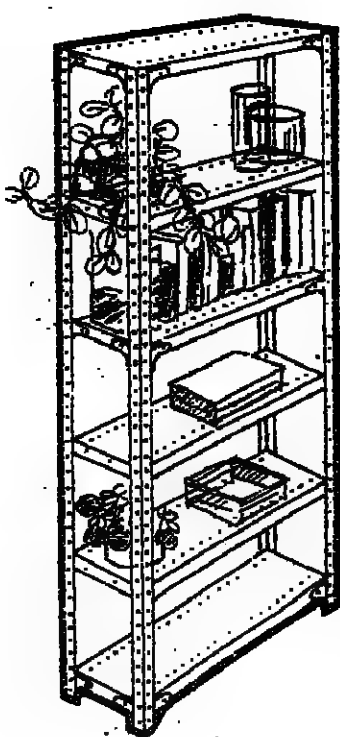
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HOW TO SPEND IT

by Lucia van der Post

Watch out for the High-Tech Revolution



This prepacked steel shelving was, of course, designed for commercial use and there's another version for even heavier industrial applications. Each shelf can hold up to 250 lbs should you need to store anything heavy. As you can see the lines are clean and simple, and the prices are very reasonable, starting at they do at about £23.00 for a unit this size. It's difficult to give exact prices as they depend upon quantities ordered and carriage is extra. This system is produced by Key Industrial Equipment of Eclipse House, New Borough Road, Wimborne BH21 1RB. Enquiries to them for exact prices.

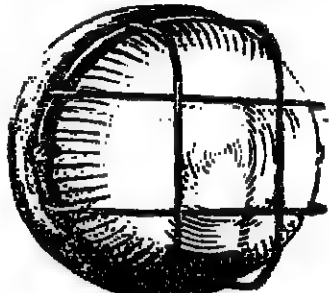
IF YOU haven't yet heard of High-Tech you soon will. A new book written by two Americans, Joan Kron and Suzanne Slesin, called High-Tech The Industrial Style and Source Book for the Home, has created more of a stir in design circles than anything I can remember in the past decade or so.

So far it's only been published in an American edition and the 50 copies that the Conran shop (at 77 Fulham Road, London SW3) originally ordered have long since sold out. The shop is awaiting two further batches of 50 copies each (place your orders now!). I had to get a friend to bring a copy over from New York, so precious are the few copies circulating among the cognoscenti in London. And when I tell you that they cost about £15.00 a copy you can see that people must want the book quite badly. So what exactly is High-Tech? It's a new name for an old idea. The name itself comes from a

play on two expressions—high-style and technology and the style itself is based on the idea of using industrial components and equipment in domestic settings. If you like, it is the ultimate expression of functionalism.

High-Tech was originally an architectural term of which the clearest modern example is the Pompidou Centre in Paris. Nobody who has seen the building, who noted the exposed beams and stairs, ventilating systems and pipes, could help but be aware that they were looking at something novel and extraordinary, even if they didn't know its name.

Some people see in High-Tech a profound social statement. In the introduction to the book Emilio Ambasz, one-time curator of design at New York's Museum of Modern Art, informs me that he sees it as a "form of moral protest." He also thinks it is an expression of "our wish not to follow social patterns imposed by those who manipulate culture, invent desires and shape fashion."



Splendidly sturdy bulkhead light now being sold by Habitat for use as a wall light. White opaque glass and red or white aluminium. There are two versions—this one is £9.50 and there's a smaller oval one for £6.50. Buy it either by mail from Habitat Designs, P.O. Box No. 2, Wallingford, Oxfordshire, OX10 0DQ, or from Habitat Shops.

Maybe, I prefer to think that though now it has a name it is bound to become a style, nonetheless it is a style that has its roots in a rational train of thought. Whereas most articles designed for the home are designed for the judgment of the retail shop buyers and with an eye to some immediate customer appeal, industrial products are designed purely to give good value. They must be cheap but durable and functional. They are usually bought in quantity and their price does not have to include the cost of heavy advertising campaigns.

The products usually have an uncompromising directness in appearance which the new designers find refreshing and pleasing. Sometimes the products are cheaper than those devised for domestic use but not always because often they are more strongly constructed and better made. In either case they are better value in real terms.

Which isn't to say that all industrial products are necessarily better than the products designed specifically for the home. They can be clumsy, heavy, use bad colours and have sharp edges, projecting nuts and bolts. They are often difficult to clean and need to be judged in just as stringent a way as ordinary domestic products.

But High-Tech doesn't just stand for the simple use of industrial products in the home. It also means the inventive use of a product designed for one purpose for another. What I like most about it is that it encourages us to look at products with new eyes, to decide for ourselves what we'd like to use in which situation.

Design writers have been trying to encourage people to do just this for years. If I look back over my cuttings file for the last decade I can see that I have suggested using laboratory glassware for vases, school satchels for handbags, milk crates to provide stacking storage in nurseries, industrial shelving for books, Pearson's surgeons brain jars for kitchen use, butcher's blocks for kitchen tables—the list is endless.

Ten years ago the photographer John Vaughan was suggesting the use of mortuary tables for dining since they had a good easy-to-clean surface and a little hole at the end for wiping down (I'm not sure how many people took him up on that).

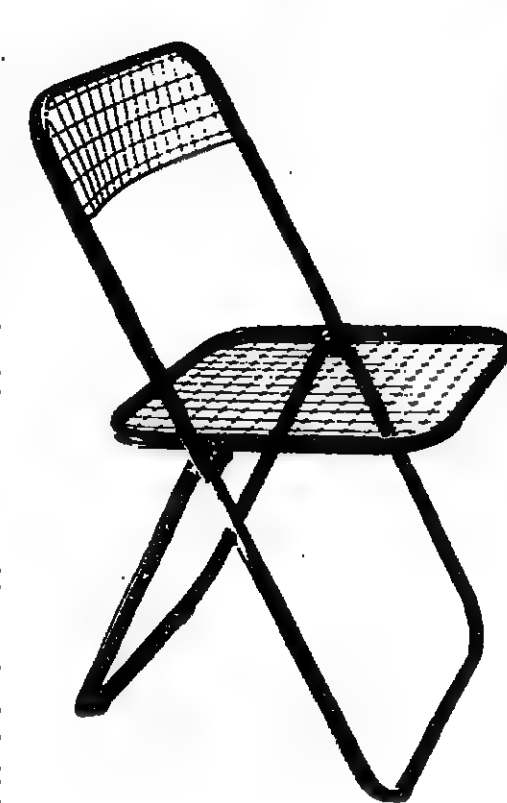
The dentist's chair has always been more comfortable than most domestic seating and this knowledge is clearly behind the famous Charles Eames chair of the late 50s. Eames, too, built himself a very famous house in Santa Monica almost entirely made from off-the-peg industrial products. Several lighting systems have been based on photographers lights and industrial tracks.

So High-Tech isn't new but its advent as a recognised design style can be seen as a salutary return to honest functionalism spiced with an inventive, sometimes humorous use of objects

designed for other purposes. High-Tech isn't always easy to blend into the average English house. It's fairly uncompromising in its statement and I don't see how it can be slotted easily into the nostalgic-ridden houses that most of us now live in—our Laura Ashley wallpaper, patchwork quilts, Victorian button-back chairs, they all seem to belong to another era.

For most of us High-Tech is not a style that we will be able or will wish to embrace in a wholesale way. But in its encouragement to look at products with new eyes, to think for ourselves and not just to accept conventional labelling, to become excited by the idea of a new industrial "find," it offers a sense of adventure in furnishing a home. To see that a door can also be a table, that a waste-bin can be a flower-plant holder, that a school locker can be used for hanging clothes, is not only fun, it can sometimes save a great deal of money.

For the moment the chief sources of High-Tech ideas for the home have to be sought out the hard way. Look in your own Yellow Pages, under sections like Catering Equip-



A folding mesh chair made from black or white painted metal, whose lines are clearly derived from industrial designs. You can buy it by mail from Habitat Designs in sets of four for £42.50 or you can buy it singly from Habitat shops for £9.95 each.



Also from Habitat Designs is this traditional French Watchmaker's Lamp discovered in a Provencal attic. It has a chrome finish, is 32 cms high and is supplied with lampholder and flex £17.75.

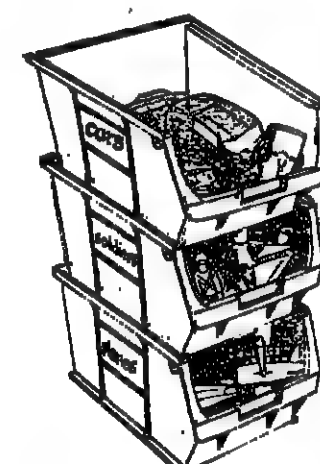
attractive. Office equipment has for several years now been borrowed for domestic use—the range of files and storage offered far exceeds any domestic system I know.

A good catalogue which should spark off a thousand ideas is that produced by Key Industrial Equipment of Eclipse House, New Borough Road, Wimborne, BH21 1RB.

Remember, it is not always easy to buy industrial products as a private individual and quite often minimum orders are necessary and carriage and VAT aren't included in the prices quoted.

Anybody interested in the subject should buy Joan Kron and Suzanne Slesin's book for it brings the whole subject visually alive. To start with they are able to use colour and much of the effect of High-Tech is derived from things like the juxtaposition of a large hot-water pipe painted bright red against a white wall, of brightly coloured plastic containers against a sombre brown steel background.

The book is a fund of ideas—I had never before realised quite how beautiful ash canoe



Drawings by Robin Cole

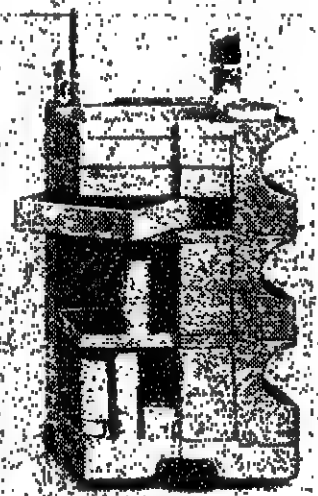
seats could be, what excellent kitchen storage bicycle wire baskets could make, how stunning industrial coolers could look and how much more pleasing to look at are ordinary brass hospital taps than the over-gilded swans and dolphins so beloved of many interior decorators.

It's a book to browse through

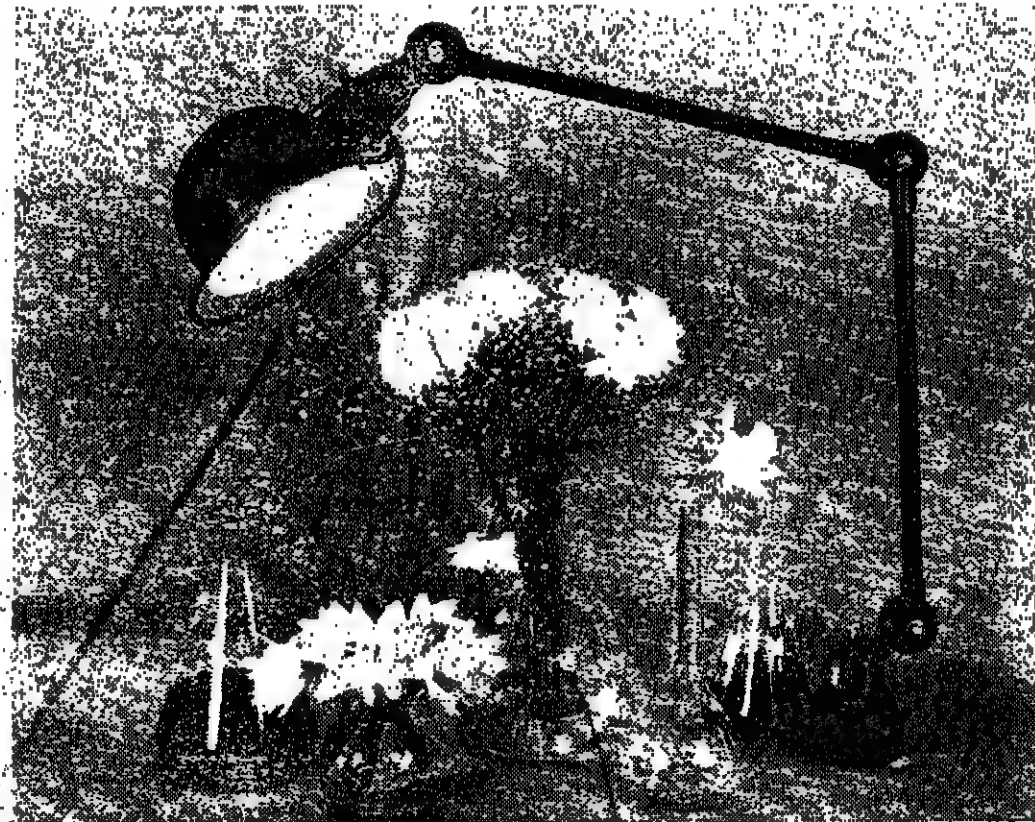
Precision manufactured storage bins, made from high quality polypropylene for commercial or industrial applications. They are made in a wide range of sizes, they all stack neatly, and come in nice, bright colours (orange, blue, brown, green or red) and would make splendidly practical storage for children's rooms or workshops. Made by Key Industrial Equipment there is a minimum order limit of £15 and you would need to negotiate directly with Key Industrial Equipment over carriage. They are very cheap being about £4.50 for a pack of 20 for the smallest size and about £17.00 for a pack of five of the largest size. Because the catalogue is aimed at industry you will have a bear in mind that it doesn't quote for VAT or carriage.

—you won't like everything in it but nobody could fail to be attracted by the sheer inventiveness of many of the ideas whose homes are featured in it.

In August, Allen Lane will be bringing out a British edition of High-Tech and it should include lists of English suppliers.



The Baby trolley was originally designed for office use but its good colourings (comes in yellow, red, white, black, brown, green or orange) have meant that it is often seen in homes as well. Designed by Joe Colombo it makes a good domestic bar trolley, bedside table or whatever. Price for this version is £58.32. From Ryman Contracts, 200, Tottenham Court Road, London W1 and Ryman branches, and can be ordered from their catalogue.



Very functional Jelder light, originally designed for use in German factories and work shops. Available in

black or white. £32.50 from Habitat Designs. Photographed with it is a selection of laboratory glass which could be used as carafes for holding wine, water or fruit juice or for

holding flowers or bath salts. The glass is from Gallenkamp and Co., P.O. Box No. 290, Technico House, Christopher Street, London, EC2.

Postscript

IT WAS with much joy that I discovered a few months ago that Woolite was back on the market—I don't know anything else quite so good for washing delicate fabrics, for preventing all those dreary things like matting, pilling and stretching that always seem to befall one's most cherished garments. With the reappearance of Woolite on the market came the establishment of the Woolite Advisory Bureau and it has just published a series of leaflets on how to care for different sorts of fibres.

Each leaflet gives detailed instructions on how to wash, how to remove stains and how to care for the garment. The leaflets cover Pure New Wool/Lambswool, Cashmere, Mohair/Angora, Man-made Fibres, Silk and Fine Linen. Any reader can order any two of the leaflets for a s.a.e. (or order the set for a postal order of 25p) from Mrs. Kate Thomas, Woolite Advisory Bureau, Woolite International, Howard House, Gipseswyk Avenue, Ipswich, IP2 8AE.

P.S. Though Woolite is primarily meant for cold-water washing it can be used in warm water (no higher than 40 deg. C).

Evo-Stik have brought out three new colours in their Colourseal range. Colourseal is a range of silicone rubber sealants used to seal the gap between the bath and wall and bath and tiles. Evo-Stik have made a point of keeping up-to-date with the colours used by our large bath manufacturers. Latest colours to be introduced are Avocado, Pampas and Sepia, whilst already on the market are blue, pink, beige, yellow and white. You get 85 grammes for £1.60.

If you ever fancied trying your hand at a craft you should get a better idea of how you really feel about it by watching the experts at work, so try to go along to Hatfield House. The list of crafts being demonstrated is endless, ranging from the strange and little-practised to the more commonly known like glass-blowing and furniture making.

You can visit the exhibition between 11 am and 6 pm on the Thursday to the Sunday. The fee for adults is £1.10 and children up to 15, 60p.

LONDONERS and out-of-town readers who come to London might like to know about the Theatre Shop which opened last week in the Phoenix Theatre in Charing Cross Road. It seems like a marvellous idea in that it not only sells theatrical memorabilia of all sorts—posters of shows, old and current programmes, photographs, records and cassettes, T-shirts, original set and costume designs—but it also has theatre tickets on sale for all the shows in London.

It is obviously a theatre lovers' dream and a place to browse around in either while waiting to see a play or while trying to decide what to go and see. They offer a service telling customers exactly what is on at every theatre throughout the country (so if you then feel like hot-footing it to Newcastle,

you'll at least know what's on). It's also a good place to search for presents. There are theatrical postcards at 7p, lots of old programmes and posters at about 50p, original designs, photographs, books at about £1 and upwards and if you're a heavy spender there's a Tom Morrisfield bronze sculpture of Anthony Dowell for £950.

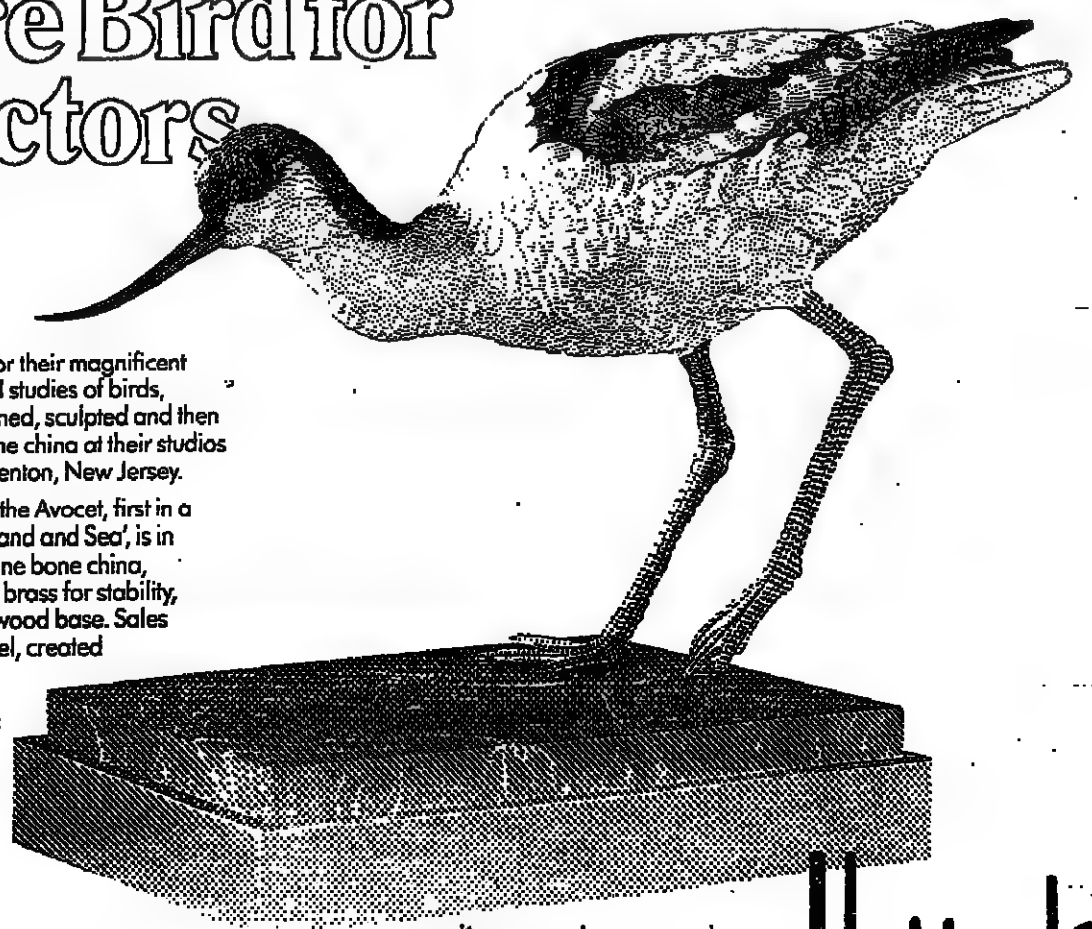
The shop is open from 10 am to 8 pm every day except Sunday.

A Rare Bird for Collectors

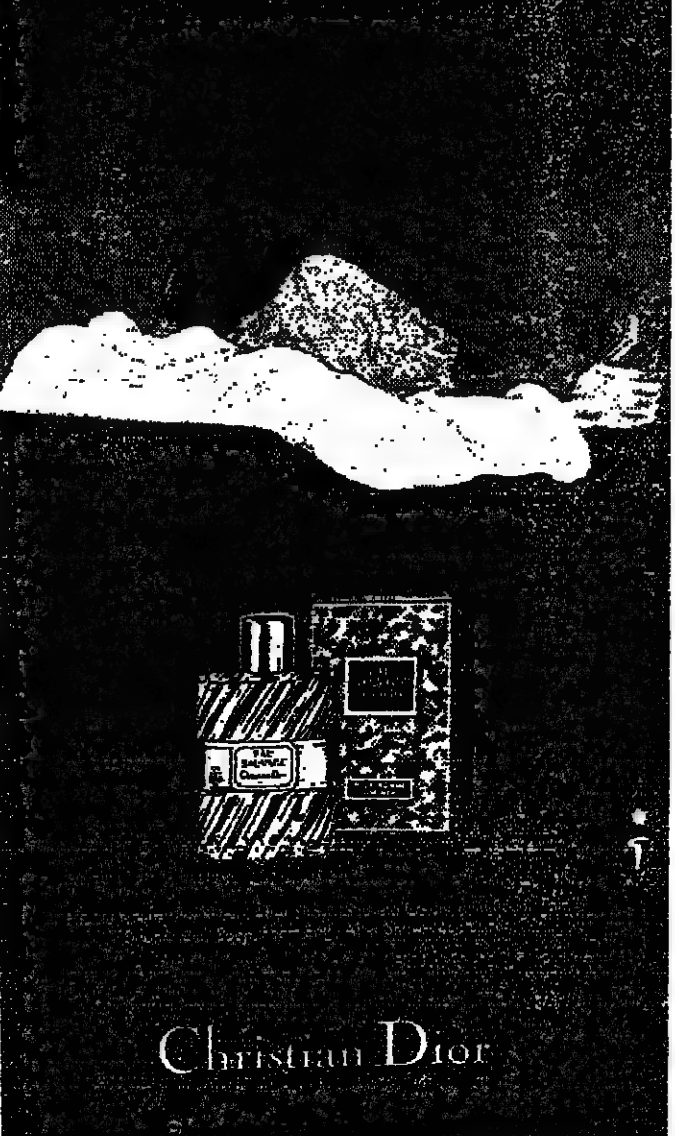
BOEHM are famous for their magnificent collection of highly detailed studies of birds, animals and flowers, designed, sculpted and then cast in porcelain or fine bone china of their studios in Malvern, England and Trenton, New Jersey.

This beautiful wading bird, the Avocet, first in a new series 'Birds of Marshland and Sea', is in delicately painted English fine bone china, with legs in finely modelled brass for stability, mounted on a marble and wood base. Sales of this superb life-size model, created by Boehm of Malvern in conjunction with the Royal Society for the Protection of Birds, who successfully encouraged the species to breed again in England after a century's absence, will benefit RSPB funds. Limited edition of 500. Height approx. 10" £433

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FASHION

Gallic invasion

THERE still seems to be a certain *je ne sais quoi* about the great French names. French designers seem to have been pouring into Bond Street in London lately with names like Chloe, Ted Lapidus and Guy Laroche making our most famous shopping street begin to seem like an offshoot of St. Germain-des-Près.

The myth that only the French can produce high-quality fashion has long since been exploded and this current invasion should be seen as the reverse side of the coin that makes the French snap up our Burberrys, our Aquascutum coats, our Jaeger skirts and jerseys, our cashmeres and our shetlands rather than an occasion for an outburst of xenophobia. It's the desire to have something a little different that, after all, keeps the tills ringing. Anybody wanting something a little different from the other side of the Channel can now find it at almost any price. This week I've chosen to show two examples from the latest fashion shows—one is from the tiny world of haute couture, the other is off-the-peg at a price that is no more than now has to be paid for many British clothes.

To start with the haute couture. Though the price is one that I have never paid in my life nor could imagine paying there are people, it seems, who want and need special occasion clothes and are prepared to pay for them. Haya 1 is a new boutique at 12, Grafton Street, London, W1, that specialises in a few exclusive designers, mainly French though they also sell Benny Ong and Halston designs, and who have on sale Larvin's ready-to-wear collection (here prices are a little lower) and can organise haute-couture through the Paris salon.

This particular dress features all the main summer details—spots, as you may have guessed, are much in fashion, and while the dress has the broad



Guy Laroche

shoulder-line, the emphasised waist and the slim skirt that are this season's line.

The dress can be made in crepe-de-chine or silk and though the suggested colourings are either white with red spots or yellow with black spots, Haya 1 would negotiate with the Paris salon over what fabrics and colourways were available (people in haute couture circles tend to meet each other and it wouldn't do for them to be wearing the identical dress). The delivery date is about three weeks and the price is about 10,000 francs.

When the Guy Laroche Boutique was opened at 33, Brook Street, London, W1 to sell the designer's ready-to-wear collection it was decided to do almost all the designs in two different fabrics—one would be in pure silk and would be priced accordingly, the other would be in a fully washable cotton/nylon mixture and would be, evidently, very much less. It seems a nice idea and such is the irony of the world that of the dress I have chosen to feature, all the expensive pure silk versions (at £130 a time) have been sold but there are still several cotton/nylon versions at £70 each left.

The Guy Laroche dress features the ubiquitous spot and has a particularly pretty blouse back to it. The cummerbund ensures the waist-emphasis and it is worth noting that Guy Laroche dresses come in a wide range of sizes—from 6 to 18. The colourway is pale blue with white dots, or navy with red dots.

Besides being available in the boutique the Guy Laroche ready-to-wear collection can be found at a big selection of provincial stores, in particular J. Carter and Co., Furs Ltd., 283, Sauchiehall Street, Glasgow and Penny Lee, Grove Street, Wilmalaw, Cheshire.

LUCIA VAN DER POST

Ryder Cup hopefuls



Seve Ballesteros—a slow start in Europe

THE EARLY skirmishes on the Iberian peninsula that followed those on the Safari tour of Africa indicate that there may be some new faces in the first European Ryder Cup team to challenge the American cupholders in West Virginia in September. What is more significant is that there appears likely to be more than one Spaniard alongside the inevitable Seve Ballesteros.

Interestingly the younger Ballesteros has made such a slow start in Europe after his satisfactory 12th place finish in the U.S. Masters tournament that it is his older brother Manuel instead who currently occupies 11th place in the Ryder Cup points table, with Seve at present nowhere in sight. But having taken a complete break from golf during the winter this mercurial character is finding it much more difficult than he ever imagined to regain his best form, as he was honest enough to admit to me recently.

With over 6,000 points to his credit and so far third in the Ryder Cup partnership are first and second in the points standings with 11,797.94 and 10,486.03 respectively. Since Abreu has 6,205.43 and fourth

tached Garrido was a member of Spain's World Cup winning team in 1977 in Manila and again played for his country in Hawaii last year, so he is hardly averse to travel. In the last eight seasons in 66 appearances, he has failed only three times to cash a cheque. If there is such a thing, Garrido might be classified as the ideal four-somes partner.

The old Scottish firm of Bernard Gallacher and Brian Barnes, tried and tested Ryder Cup partnership are first and second in the points standings with 11,797.94 and 10,486.03 respectively. Since Abreu has 6,205.43 and fourth

GOLF

BEN WRIGHT

placed Malcolm Gregson only 4,151.91 points, Gallacher and Barnes are virtually assured already of automatic qualification, which is very good news indeed, since the latter appears finally determined to realise his full enormous potential. And Gallacher is such a tough competitor in the cauldron of head-to-head matchplay, would want him in my team every time.

After three years in which the order of merit placings have been 34th, 33rd, and 37th, Tony Jacklin is finally showing signs of revival, despite the frailty of his putting. One can only fervently hope that Jacklin, currently 17th in the Ryder Cup points table and Seve Ballesteros will play themselves into the top ten to gain automatic selection, since one of the last two places reserved for selection by committee must surely go to Peter Oosterhuis.

Current form means nothing in the Ryder Cup match, and Oosterhuis' current form in the U.S. certainly amounts to nothing.

The remaining places in the top ten in the points standings are at present occupied by Britons Nick Faldo (6th), Gordon Brand (8th), Mark James (9th) and Michael King (10th), while the promising John Morgan, Sandy Lyle, and Ken Brown are 12th, 13th and 15th respectively. Of that talented septet, only 35-year-old John Morgan, winner in 1978, this year of both the Nigerian and Lusaka Opens, is over 30, while at 29 King is the only other golfer in the group over 25. So prospects for the future appear rosy indeed.

Unfortunately, the one youngster of real promise whose name is at present missing from the top 20 in the points table is Howard Clark, a distant 62nd in the order of merit table published this week—a far cry from his fifth place finish in 1978. This is particularly disappointing to me as I watched Clark perform creditably in two tournaments in Florida, in February, where he made one cut both times and won over \$2,000. Gold can certainly be a cruel business as one's best form comes and goes with bewildering swiftness and without an inkling of a warning either way. But I believe Clark has both the guts and the natural ability to prevail in the hard months ahead until the team is finalised after the Carroll's Irish Open in late August. With the eminent teacher John Jacobs as non-playing captain, we seem to have a chance this year of putting into the field—at long last—a team with the strength in depth perennially the province of the virtually invincible Americans.

PAPERBACKS

ANTHONY CURTIS

"JERUSALEM was a quiet little town set in the mountains. I remember being impressed by it as pleasant but pretty dull." That was how Teddy Kollek reacted in 1938 to the city of which he is now mayor. The tortuous road by which he reached this position is recounted in *For Jerusalem: A Life*, written with his son Amos, novelist and film director, published here in paperback last year and now appearing in paperback from Futura at £1.25.

Having met Mr. Kollek at the recent Jerusalem Book Fair, I was fascinated by this autobiography, which, apart from being the life-story of a remarkable man with an enormous range of acquaintances, and a great gift for using them to serve the causes to which he is so wholeheartedly dedicated, is also a personal history of the events which led to the formation of the state of Israel and its traumatic history.

Kollek grew up in the twilight of the Austro-Hungarian Empire. He was born in 1911

in a small village not far from Budapest. The family migrated to Vienna after the first war where he was educated and raised in a moderately orthodox Jewish life-style. He became a young man an active Zionist. Soon he travelled the world attending conferences in furtherance of the cause, met his future wife Tamar back in Vienna; and in 1935 he arrived in Haifa with \$5 in his pocket. He then joined a kibbutz at Ein Gev on the Sea of Galilee near the Syrian border and his account of the early days of the kibbutz movement and its relations with their Arab neighbours is full of interest.

For Kollek the cultivation of the desert soil was interrupted by long bouts of cultivating wealthy, influential people in the United States who could be of service to him. He proved to be as handy with the telephone as with the spade, and in the last years of the British Mandate in Palestine he worked closely with Ben-Gurion.

As a member of the Haganah he was sent to America to purchase aircraft declared obsolete after world war two. His account of smuggling flying fortresses broken up in boxes into Palestine, and other measures to defeat the immigration policy

under the Mandate, makes grim reading. He knew all the top people in the new state: there are good close-up shots of Sharet, Dayan, Golda Meir, Eshkol and others with no cosmetic fussing. Finally, he devotes several chapters to the city he now heads and over which he presided when the partitions were removed in 1967.

When I met Kollek at the Book Fair he asked me if I thought it was a success. I replied that, to judge by the vast number of foreign publishers who had taken time off to attend it, I thought it was. "Ah," he said, "but are you doing any business? Are you doing any deals?" The same power to penetrate straight to the point in a variety of situations both cultural and political appears on every page here.

The Israeli novelist Amos Oz was born in Jerusalem in 1939 and for anyone who wants a direct insight into the communal life of a kibbutz in more recent times his novel *Elsewhere*, which has just appeared as a Penguin paperback, is a form of our native guelder rose. *Viburnum* by Nicholas de Lange at £1.25, is recommended. The novel is as full of people as the way of life it represents; people with unfamiliar names like Bronka,

Noga and Rami. At first the reader feels rather lost among them, excluded from the constant chatty monitoring that goes on. Oz defends their gossiping on the grounds that it is a form of judgment. But to an outsider the combination of heat, a strict work-ethic, and several generations, all herded together, becomes oppressive. Eventually, however, we begin to relate to some of the people more deeply: a young girl whose parents have split up and who drifts into an affair with an older man who is employed as a truck driver by whom she becomes pregnant. It leaves the rest of the community with a pretty problem on their hands. Oz unravels their reactions with a delicate and subtle touch.

Oz also writes short stories, one of which appears in *The Penguin Book of Jewish Short Stories* edited by Emanuel Litvinoff (£1.25). Interestingly enough as a Hebrew writer he is in the minority in this book. Most of the authors chosen write in Yiddish like Peretz and Singer, or in Russian like Sholem Aleichem, or in English like Bellow, Malamud, Roth and Cynthia Ozick. Teddy Kollek will have to do something about that.

Endless variety of viburnum

AT THE MOMENT some of the sweetest scents in the garden are wafting from *Viburnum carlesii* and its kin. It seems an appropriate moment to take a closer look at this remarkable family which can provide the garden with flowers in mid-winter, "snowballs" in summer, some of the brightest of all autumn berries as well as some highly distinctive foliage.

Viburnum carlesii is one of a small group all of which produce tight clusters of white or pink tinted, intensely fragrant flowers in spring. Others are *V. utile*, which is evergreen and *V. bithense* which, like *V. carlesii*, is deciduous. They make happy and one offspring, *V. burkwoodii*, combines the evergreen foliage of *V. utile* with the flower quality of *V. carlesii* while another, *V. juddii*, adds the robust good health and regular flowering of *V. bithense* to the more compact habit of *V. carlesii*. A fourth species, of which more in a moment, which has been crossed with *V. carlesii* to produce the size of its flowers making them into little "snowballs" a month ahead of their time. The hybrid is known as *C. carlesii*.

Another little group is composed of the winter flowering species of which the most popular is *V. fragrans* (now called by botanists and a few nurserymen *V. farreri*) and the finest in flower is *V. grandiflorum*. There is a third species named *V. foeniculifolium* which is beautiful and sweet smelling but does not take so kindly to our British climate. In some gardens *V. fragrans* refuses to flower, or only flowers very sparingly, but I have never been able to discover the cause. "The flowers are pink in bud, white when fully open whereas the larger clusters of *V. grandiflorum* start as carmine buds and finish as pink flowers. What a natural that to combine the qualities of these two excellent shrubs? This was done many years ago at Bodnant,

Lord Aberconway's magnificent garden in north Wales, and so the hybrids are collectively called *V. bodnantense*. There are several forms but *Dawn*, with pink flowers, is the most popular.

In mild places *Viburnum tinus* is also winter flowering and even in cold places it carries its clusters of purplish buds quite attractively all winter though prudently waiting until early spring before opening them to white, or occasionally

pink tinted, flowers. It is evergreen and makes a large, densely branched bush. It was a top favourite with Victorian gardeners who called it the laurel-tinus, presumably because it looked like a laurel. Perhaps their affection was sufficient to condemn it for a generation or so but now it is climbing up the popularity charts again and quite rightly so. It grows particularly well by the sea, apparently not in the least inconvenienced by salt in the air, and also in town gardens with equal tolerance to sulphur and other atmospheric impurities. Some gardeners think it a little dull in leaf. There is a variety named *Lucidum* which has glossy leaves but it flowers later than the common form.

Like hydrangeas, some viburnums have the odd habit of exchanging their normal, small fertile flowers for much larger and more showy flowers which are sterile. When they do this in the wild they pay the penalty for their folly by rapidly becoming extinct but gardeners seize on these freaks eagerly and propagate them by cuttings or layers which is very easy to do. The form of *V. macrocephalum* in cultivation is one of these sterile forms but though it has no pollen of its own it has been fertilised with pollen

from *V. carlesii* as I have already explained. The flowers of this sterile form look much like those of a white hydrangea, are freely produced and very attractive but unfortunately the plant itself is none too hardy. Sometimes it is trained against a sunny wall and it would certainly succeed in many sheltered spots.

Even more eye catching, and completely hardy, are the two snowball trees derived from species of viburnum. The common kind is a form of our native guelder rose, *Viburnum opulus*, and it is called *Sterile*. It grows rapidly into a large bush covered in early summer in big, white globular flower heads which last well. The other kind is the Japanese snowball tree which has a more horizontal branch pattern. The flowers are smaller but even more numerous and it is arguably an even more beautiful flowering shrub. The sterile form arrived in Europe before the wild form and was named as if it were a species, the name chosen being *V. plicatum*. When the true species arrived about 20 years later it had to be given a varietal name to distinguish it and is now *V. plicatum sterile*.

Another magnificent fruiting species is *Viburnum bodnantense*, a really big shrub but not a climber since its stems are slender and its habit open. The berries are shining red, like those of *V. opulus* but smaller. The flowers are small, white, and very numerous. It must be rated among the very best fruiting shrubs and is not in the least difficult to grow. *Viburnum henryi* has all the virtues: evergreen leaves, small but abundant white flowers in June followed by berries which gradually change from red to black as they ripen. It is not over large, is completely hardy and has been with us for 80 years yet remains little known and only specialist nurseries are likely to be able to supply it. Not so *Viburnum davidii* and *V. rhytidophyllum* two increasingly popular foliage shrubs, the first quite low growing and densely covered with dark green, prominently veined leaves, the second a big, fast growing shrub with large corrugated leaves, dark green above, covered with grey down beneath producing an effect not unlike that of some large leaved rhododendrons. The flowers of *V. rhytidophyllum* are off-white and not very notable, but there is a variety named *Roseum* with reddish flowers which are more effective. *V. davidii* also has rather dull flowers but the small berries that sometimes follow them are turquoise and decidedly pretty. Production is more likely to be profuse if several plants are grown together.

done other things for the gardener besides presenting him with the largest snowball tree. A variety named *Compactum* is only half the size of the wild plant but there is no reduction in the size or the red current brilliance of the berries which are produced freely. There is also a yellow leaved named variety named *Aureum* and two yellow fruited varieties of which the better is *xanthocarpum*. Plant the red and yellow together and you will have fruit colour in autumn as brilliantly contrasted as any flower colour in summer.

Not so *Viburnum davidii* and *V. rhytidophyllum* two increasingly popular foliage shrubs, the first quite low growing and densely covered with dark green, prominently veined leaves, the second a big, fast growing shrub with large corrugated leaves, dark green above, covered with grey down beneath producing an effect not unlike that of some large leaved rhododendrons. The flowers of *V. rhytidophyllum* are off-white and not very notable, but there is a variety named *Roseum* with reddish flowers which are more effective. *V. davidii* also has rather dull flowers but the small berries that sometimes follow them are turquoise and decidedly pretty. Production is more likely to be profuse if several plants are grown together.

BRIDGE

E. P. C. COTTER

THE GUARDIAN Easter Tournament, the British heat of the Philip Morris European Cup, once again attracted a large entry from all over Europe. Here from the Open Pairs is an interesting competitive deal:

N. 6
W. 7
E. 8
S. 9
10 9 7
10 10 6 5 2
10 10 5 3
J 8
A 9 8 4 2
7 9 4
7 8
4 5
With East-West vulnerable, North dealt and passed, East

CHESS

LEONARD BARDEN

THE CENTRE of attraction for international chess is currently the World Cup tournament at Montreal, now in its closing rounds which brought together ten of the strongest active grandmasters in the world. The competitors are Spassky (U.S.S.R.), Portisch (Hungary), Denman (Holland), Larsen (Denmark), Hort (Czechoslovakia), Hubner (West Germany), Ljubojevic (Yugoslavia) and Kavalek (U.S.), playing a double-round all-play-all event.

Apart from the world championship candidates' tournaments, where the reigning titleholder does not take part, this is the most ambitious elite event at least since Avro 1938, where the entry (eight players to Montreal's ten) was Keres, Fine, Botvinnik, Alekhine, Eise, Reshevsky, Capablanca and Flohr.

First prize is \$25,000 and a full-length feature film is being made of the tournament.

the controversial incidents in their 1977 match. At one stage the Montreal organisers hoped (as did those at Avro) that the winner, if not Karpov, would get an automatic right to a match for the world title, without this the "World Cup" has no special official status.

Karpov had to withdraw at Munich earlier this year when his father died just after the event began, so Montreal is the first real test of whether Karpov's indifferent form in the world championship match reflected the tough physical demands made on him there (he lost three kilos off his slight frame and was visibly tired near the end) or whether Korchnoi exposed real weaknesses in his armour.

After 11 of the 18 rounds, scores were Karpov 8, Tal 7, Portisch 7, Ljubojevic 6, Hubner 5, Timman 4, Spassky 4, Larsen 3, Kavalek 3. White: A. Karpov (USSR). Black: B. Spassky (USSR). Opening: Queen's Gambit Declined (Montreal, 1979).

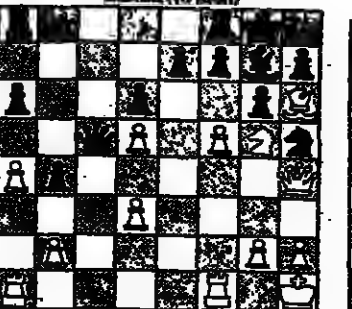
both games Black now went 11... P-K4; Spassky varies, but to little effect as an isolated queen's pawn plagues him for the next 30 moves). B-Q2; 12 B-K2, K-B1; 13 Q-O, Q-Q1; 14 P-P, B-K2; 15 N-B3, P-R3; 16 N-K3, B-K3; 17 N-N, B-N3 (QN fails to 18 B-R6); 18 B-B3, P-N3; 19 B-K5 (blockading the dark squares around the weak QP before attacking it). N-K5; 20 Q-R2, N-N3; 21 B-N, R-O1; 22 R-Q3, R-Q3; 23 R-O1, R-Q2; 24 R-Q2, Q-N4; 25 Q-Q1,

P-QN3; 26 P-KN3, B-B1; 27 B-N2, B-K2; 28 Q-R5 (threat P-K4); P-R3; 29 P-R3, Q-B3; 30 K-R2, P-R4; 31 P-B4! (the king's side advance will undermine Black's protection of his Q2 rook and prepares the decisive P-K4). P-B3; 32 Q-Q1, Q-N4; 33 P-KN4, B-N4; 34 K-R1, Q-B3; 35 P-B5, B-N2; 36 P-K4; K-N2; 37 P-P, Q-B2; 38 R-Q3, P-N4; 39 R-N3, R-N4; 40 P-Q6, Q-QB5; 41 P-N3, Resigns.

If 41... Q-QN6; 42 Q-N3, BxQ; 43 P-R, R-R; 44 P-K3 (Q).

POSITION No. 266

BLACK (13 men)

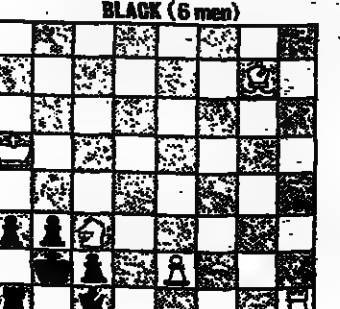


WHITE (5 men)

Gerbert v. Beckemeyer, West Germany 1978. Some tactical ideas recur so often that it pays to remember them at any competitive level from club standard upwards. Variants of today's position have occurred dozens of times in recent years. White to move; how does he gain a winning advantage?

PROBLEM No. 266

BLACK (6 men)



WHITE (5 men)

White mates in three moves at latest, against any defence (by A. Gruenwald, Schwabe 1897). This has a real problemist's key, and there is no trick—White plays as usual up the board.

Solutions, Page 17



Man with a quill pen by Joseph Edward Southall, £1,700.
Merklin tinplate steam yacht, £2,400. Crackle glazed ceramic figure, £300.
Antique Monarch gramophone, £200. Meerschaum pipe, £1,300.
Silver-mounted ivory biscuit barrel, £220. Theodore Deck clock, £330.
Sotomura vase, £480. Nettleclough lamp, £240.
Hayashi silver-mounted choinisnoo kago and cover, £850.

It need not be antique to be valuable

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COLLECTING

APPARENTLY simple words like 'original', 'copy', 'authentic', 'reproduction', 'antique', 'modern' can acquire head-breaking complexity for the collector faced with such objects as the Nymphenburg porcelain which goes on show at Aspreys in Bond Street on Wednesday, for the next fortnight.

These pieces have all been made within the last year or so; but they belong to an unbroken line of manufacture that goes back virtually unchanged in technique to the 1730s. Clearly an authentic Bustelli porcelain sculpture produced under the direct supervision of the great Modellmeister himself is something that can never be reproduced; but it is a tricky question what intrinsic difference, apart from age, separates a model made from Bustelli moulds a month after the artist's death, or one made two centuries later.

For the collector, of course, there will always be a difference that can be recognised and which is reflected in the monetary value. Visually the difference between the old and the new is virtually undetectable though; and indeed the State Porcelain Factory's monograph on the work of Bustelli is largely illustrated with examples made in recent years. Nymphenburg has proved the most durable of the score or so factories that sprang up in the German states in the 1750s. Porcelain manufacture had begun at Meissen and Vienna in the second decade of the eighteenth century. Meissen lost ground with the Prussian invasion at the beginning of the Seven Years War, while wandering 'arcanists' — men who possessed the secret of porcelain manufacture — defected from Vienna in the 1750s to sell their services and secrets to the many noble patrons anxious to set up court factories.

The busiest of these 'arcanists' was Joseph Jakob Ringler, who appears to have won the heart of the factory director at Vienna, and through her acquired the secrets of kiln construction. Having helped establish the factories of Höchst and Strassburg, Ringler moved in 1783 to Bavaria, where Prince Max III Joseph had established a factory at Neudeck-Obder-Au. In 1781 the factory moved to Nymphenburg, where Max III Joseph built a special pavilion in the Palace complex, which stands just outside Munich. The Nymphenburg factory is still in the same building today.



Nymphenburg had the great good fortune in its early days to discover Franz Anton Bustelli, who was Modellmeister from 1754 till his death in 1763. Every factory had its star modeller — Kändler at Meissen, Melchior at Höchst, Linck at Frankenthal, Beyer at Ludwigsberg, Meyer in Berlin, Grassi in Vienna. Bustelli, an Italian Swiss born in Locarno in 1723 (or 1725), surpassed them all in the vigour of his sculpture and his appreciation of the medium.

Bustelli's miniature porcelain sculptures are masterpieces of the Rococo. He avoided the finicky detail of much of the porcelain of the period, preferring to get his effects through wonderfully sinuous line, ideally suited to the medium. He had above all a vital and humorous sense of character; and delighted in making complementary pairs of figures which, placed side by side, seem to flirt, to spurn, to ogle or defy.

Bustelli's most famous creations for Nymphenburg were the eight pairs of figures from the Commedia dell'Arte. In the course of his brief but prolific career however he created extensive series of characters from polite society, from the church, from the trades and professions of the time. An extensive series of groups in the Chinoiserie style reflect the current fashion; and an irresistibly charming and comic series represents Ovidian gods as plump and strongly characterised putti.

Soon after Bustelli's death the factory hit hard times, and could never again regain its first glories. The Napoleonic period provided a new blow: such aristocratic luxuries as the court porcelain factories were evidently anachronisms. Still, Nymphenburg enjoyed at

least some benefit: its repertory of models was much enlarged by acquisition of many of the moulds and models from the Frankenthal factory, which closed in 1789.

In the 1860s the Bavarian State leased the factory to a private proprietor. There was a significant renaissance from 1887 when Albert Bäumel took over the works. In the subsequent ninety years there has been little attempt to enlarge the repertory. Instead the old models have been continued and revived, and new craftsmen trained to reproduce the standards of the eighteenth century. Many old models have been recreated, in many cases from rare museum originals, until the entire Bustelli repertory has been restored.

The only concessions to the twentieth century have been to adapt the old water wheel to drive an electric generator, and, two years ago, to convert the kilns to gas. Even this seemed a risk, removing as it did one of the unpredictable elements and challenges that seemed somehow to give special excitement and vitality to the ceramics of the eighteenth century.

Nymphenburg has never gone over to mass production, and the old individual craft methods are — as they always were — costly. The figures currently produced cost between £70 and £1,850 each. They are made only to order (and are much favoured for Royal presentations), which is why the Asprey exhibition is the first time that such a collection of Nymphenburg figures has gone on show in this country. The exhibition includes complete sets of Bustelli's comedy figures and chinoiserie groups; and a hunt of 22 figures from Frankenthal originals.

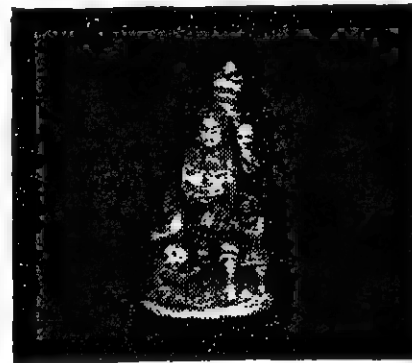
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No. 378



Little Peaching

No tale of Old Japan is more appealing than that of Momotaro, the boy magically born of a peach, and like all good fairy-tales it has a happy ending. The story is simple and often told, of an old woodcutter whose wife washing clothes in a stream, chanced on a floating peach and took it home. When put before her husband the fruit burst open and a tiny child appeared whom the couple named Momotaro or 'Little Peaching'. When he grew older this adventurous boy set out for Onigashima or Devil's Island, where a Demon King lived in a castle holding many stolen treasures. On the way Momotaro, who carried only a bag of millet dumplings provided by his foster-parents, met a monkey, a pheasant and a dog, who for a dumpling apiece agreed to go with him and do battle with the demons. The happy ending is that Little Peaching, helped by his three friends defeated the Demon King and returned with such treasure that the old woodcutter and his wife lived in peace and plenty for the rest of their lives. There must be several morals to be drawn from this story; its hero and his faithful retainers are the subject of this ivory carving to be sold at Christie's in a sale of Japanese Ivory Carvings and Netsuke on Tuesday, May 15. For further information on this sale, or sales of this kind, please contact William Tiley at the address below:

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10 May
10
31 May 1979

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The Milk Maid
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Embroidered
Royal Society of British Artists,
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ARTS 1

This way to the Peace Treaty

English Bach Festival

"This way to the Peace Treaty" announced a notice at the recent Jerusalem International Book Fair. There it was, signed by the two Prime Ministers and the American President, in a glass case, be- decked by an olive branch and watched over by a security guard with a gun round his middle. Only a few visitors to the Fair, the ninth of its kind, held in the spacious Binyanei Ha'Ooma on a hilltop overlooking the city, seemed to bother much about the historic docu- ment. Most were more con- cerned to stare at the stands displaying books of 1,200 publish- ing houses from more than 50 different countries. It is fas- cinating to see your favourite author in a foreign tongue: Saul Bellow's *Leviathan* by Umberto Eco, for instance, from Mexico, or Iris Murdoch's *L'Amour Sacré* of L'Amour Profane from Gal- lard. A strong British con- tingent included both Oxford and Cambridge Presses, HMSO, Collins, Weidenfeld, Granada,



Prime Minister Begin studies the Peace Treaty on display at this year's Jerusalem International Book Fair.

known of these is the novelist Amos Oz whose books are pub- lished here by Chatto and Windus. Some of Oz's novels take place in a kibbutz, where the life-style provides superb material for a shrewd student of human foibles, and others go back to the period of the Crusades. Oz himself lives on a kibbutz and teaches for part of the week in a high school run by the commune; the rest of the time he has been free for his own work. Thus in one or two cases the com- munal life of a kibbutz has provided the roots from which creative literary activity has flourished. In recent years too the kibbutzim have become more and more involved in book publishing. From the literary point of view one of the most signifi- cant publishers is the one attached to the Kibbutz Hame- chad Publishing House. It pub- lished more than 100 books last year by writers such as Chaim Guri, Ahron Megged, S. Yizhar and A. B. Yehoshua.

Miss Lalandi does not do things by halves, or even by three-quarters. Having gathered together her Festival dancers, and assembled a Festival Baroque Orchestra, she is deter- mined to make use of them on every possible occasion. In the early evening recital at the Purcell Room on Thursday, a couple of dances were brought on to perform to Couperin's *L'Espagnole* in a space somewhat smaller than the corridor to the Sun King's ante- chamber. And the overworked players of the baroque orchestra (after their marathon stint in Zoroastre on Tuesday) were faced with another demanding programme.

Comperin, it was a leaden account of this inspiring music — poorly conceived and imper- fectly realised, needing alert inter- vention by harpsichordist David Roblin to avoid disaster at one point. Baroque instrumentalists are not session players, and nor should they be treated as such. Miss Lalandi does no service to the cause of original-instrument performances by doing so. Yet less than 45 minutes later, some of the same players were in the Elizabeth Hall for the evening's concert, with an all-Bach pro- gramme of the Musical Offering, the F minor Harpsichord Con- certo and a cantata. The Con- certo suffered accordingly, though Mr. Roblin played with spirit. The Cantata was of more interest. This was the famous *Ich habe gemaht* — a sentiment the players might well have echoed, had it not been for the presence of the young soprano Patricia Knevel (in place of singing the work instead of the usual baritone). A tentative reconstruction for soprano with flute (made on the basis of the transcription of one aria in Anna Magdalena's Notebook), and after initial nervousness flowed through "Schmarmatz ein with a sublime directness and purity

BOOK FAIR

Seccker and Warburg, Faber, Heinemann Educational Books, Batsford, Mitchell Beazley, Pit- erson, Penguin, Rankin, by sev- eral stands showing British Council publications. So great was the throng that in the basement a cinema denuded of its seating had to be pressed into service to accommodate some of these companies. Certainly Mr. Begin paused when he put the Peace Treaty. He put his hand on the glass case over the docu- ment, and gave a proprietorial grin. Earlier he had been the guest of honour at the opening ceremony at which the Mayor of the city, Teddy Kollek, had presented the Jerusalem Prize, for an author whose writing best expresses the notion of "the freedom of the individual in society," to Sir Isaiah Berlin. Previous winners have included Simone de Beauvoir, J. K. Rowling, Boris Pasternak, and Sir Isaiah expressed his surprise at finding himself in such com- pany. "I have been over- estimated all my life; I will not pretend that this has been a source of grave distress to me, but all the same, I cannot deceive myself." He then expatiated on the three intel- lectual traditions by which he had been formed, the

juvenile artwork engulfing the city. Some of the entries were shown at the Fair in a gallery above the stands which had been turned into a play centre, Children's World. Five winners were chosen, one of whom, I am happy to say, was British: Jayne Feather, 9, of Birm- ingham, for a charming inter- pretation of "The Selling of Joseph." The wife of the Pres- ident of Israel, Mrs. Ohra Navon, a former beauty queen, gave Jayne her prize at a ceremony in the garden of the President's House, the kind of event Israelis adore, embellished by youthful folk-dancers and brass-players. Israel is a country which not only honours and owes its exis- tence to the Book but also values books in a cultural, political and educational con- text. The Israel Book Trade Directory lists 150 publishers of which 60 are considered to be "major." There are 26 public libraries and two mobile ones with some 125,000 users. An indication of the part played by reading in the life of the country may be gained from the phenomenon of the "literary supplement" which appears in all newspapers of all sizes. These are not just review pages as in England but also contain short stories,

poetry, satire, general articles. They are comparable to the supplements in the pre-revolu- tionary Russian press to which Chekhov contributed sketches when he first began to write; though it is fair to say that there is no sign yet of an Israeli Chekhov emerging. Another outlet for creative writing is radio which has five and a half hours of literature programmes per week and on Friday its own Kaleidoscope-type literary magazine. A short story is broadcast every day and poems at the beginning of transmission and at the close- down. There are literary radio features for a minority audience on Saturday afternoon compet- ing with football coverage, treating both Hebrew literature and world literature. T. S. Eliot, Dylan Thomas, Allen Ginsberg have all been fea- tured; so has the Egyptian writer, Tewfik el-Bakri whose *Diary of a Prosecutor* was translated into Hebrew by Abba Eban in his academic days. Needless to say, radio put out an extensive biographical feature on Isaac Bashevis Singer when he was awarded the Nobel Prize. Nonetheless in spite of all this literary activity it remains hard for an Israeli writer whose work is written in Hebrew to become known outside Israel and virtually impossible for him to live merely by writing books. The familiar compromise for a writer in the West, of bread- and-butter employment in teaching, journalism, publishing, the media, applies in a country where an initial sale of three thousand copies for a hardback book is considered to be rather good. And yet there are a number of poets and prose- writers whose work merits wider attention. Our knowledge of poetry in Hebrew as a living tradition from biblical times on- wards is likely to be revolution- ized by the appearance later this year of a Penguin anthology of Hebrew poetry which has been prepared by the Jerusalem poet Tel Carmi with parallel English translations. Carmi, who teaches at a seminary for American rab- binical students, is a great mediator between the two languages. He is currently work- ing on a Hebrew version of Hamlet which he considers to be a well-nigh impossible task, and has already done *Measure for Measure* for the Habima Players in Tel Aviv. Some writers, though, do suc- ceed in breaking through the language barrier and acquire an English-speaking public as well as an Israeli one. The best

The music was skilfully chosen to explore the French sonata idiom, and it included one piece of particular interest — a very early sonata of 1685 by Charpentier, which had been edited by the gamba player Julie Anne Sadie. This odd collection of solos for gamba and cello, and ensemble move- ments for violins, flutes and oboes, was both attractive and eloquent, particularly in the strangely rhapsodic recitative movements for the bass instru- ments, Marais' *Pieces en Trio* beside it, particularly when played with a minimum of definition and clarity on two wooden flutes. As for the

Charles Pierce

Charles Pierce was born to play Country Cousin. Not only is he an American, he is an Ameri- can male who is never happier than when flouncing in a pastiche of a Southern gentleman in an intense love affair with the Hollywood of the great period so his female fantasies are Bette Davis, Marlene Dietrich and (why bother to say it) Mae West — the meat and drink of the Country Cousin coterie. The final clincher is his material — as blue as Mrs. Thatcher's ensembles, but with a gay patina I know the world would find quite incomprehensible. Given such attributes, and the memory of past successes there, Charles Pierce got very angry with the audience when it did not have hysterics over his first night performance. He threw a dreadful moody, picking over flat jokes, and bullying the crowd to do better. I thought at one time he would stamp out in tears. Such tantrums do little good — they force half the audi-

ence to laugh crudely to avoid a scene and the rest to withdraw into embarrassed shells. The silly thing is that there was no need to get so uptight. I thought he was doing rather well, if you like men in silver sheen dresses cracking whips and evoking the memory of Barbara Stanwyck. Mae West was amusingly crude and Marlene Dietrich should see her lawyers immediately. It got tougher when he introduced a clairvoyant character who had presence but no material, and although it was undoubtedly clever the sequence with pup- pets — the puppets being as varied as Dolly Parton and Tennessee Williams — was inhuman. Suddenly the "puppet" Bette Davis turns into a real Bette Davis, and Charles Pierce was through the worst and winning. He is at Country Cousin all of May and must soon be in his casual caustic stride.

Poetry Jubilee

On May 24, the Poetry Book Society will celebrate its 25th anniversary. The society has distributed nearly 100,000 volumes of new poetry to its 1,000 members. To mark the society's silver jubilee, an account of its first 25 years has been compiled by Mr. Eric W. White, formerly assistant secretary and litera- ture director of the Arts Coun- cil, secretary of the Poetry Book Society and now chairman of the board of management. Copies will be available from the Arts Council Shop, 3, Long Acre, London WC2 (price £1.00) from May 24.

TV RATINGS

Table with 2 columns: Program Name, Rating. Includes shows like 'The Benny Hill Show', 'Coronation Street', 'The Young Ones', etc.

WEEKEND CHOICE

American mini-series isn't as good as some we've seen, despite (or because of?) a book by Irving Wallace and David (The Fugitive) Janssen in the main role. Pawley Towers on BBC1 at 8.15 is a repeat of the recent body-building episode. Interesting to see whether Coward's Design For Living (BBC1 8.40) adapts as well to TV as Private Lives did. The South Bank Show (ITV 10.15) looks soporifically at Hong Kong's "Asian Festival." C.D.

TV Radio section containing BBC 1 and BBC 2 program listings for Saturday May 5, 1979.

TV Radio section containing Southern, Tyne Tees, Ulster, and Westward program listings for Saturday May 5, 1979.

TV Radio section containing Radio 2, Radio 3, and Radio 4 program listings for Saturday May 5, 1979.

TV Radio section containing TV Ratings and Weekend Choice section.

ENTERTAINMENT GUIDE section containing Opera & Ballet listings.

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ARTS 2

Peking comes to Hamburg

Hamburg is currently—and until May 13—in the grip of a theatrical fever unparalleled in its festival-hopping experience. There are several reasons for this, but none more crucial than the presence, during the opening days, of the Peking Opera in the Schauspielhaus. Since Madame Mao and the Gang of Four, the traditional Peking Opera has fully returned to favour, and the Shanghai company opened a three-month European tour on April 26. They arrive in London on July 3 at the Coliseum, the Opera's first visit here since 1955, when the late Sir Peter Daubeny brought the Peking company, unforgettably, as anyone who saw them will testify, to the Palace.

For twelve years (1964-76) the traditional elements of Peking Opera—the acrobatics,

the audience was a-roar and, on completing the exercise, the actor rubbed his pate, over so gently, with a quizzical expression of pain on his face, to establish a classic and typical Peking Opera moment of comedy.

The actors must never collide in these fights, and other "scenes" included a fantastic choreographic set-piece for warring soldiers, who flew through the air forming flying star fish patterns no less than fifteen times, each leap containing a 270 degree revolution ten feet up in the air. Another scene, at sea, "swims" across the stage in a horizontal press-up position, bouncing on his fingertips and toes no less than 15 times.

Most sensational of all, perhaps, are the feats of girl warrior symbolising a beautiful secret heart by a tribe of marauding "cultures" (men). Three of these vultures hurl long spears at her which she repels with her shins and feet, at one point flicking one over her head with the insolent aplomb of George Best on top form.

Not a spear fell to the ground and there were never less than five in the air at any one moment. The culture king resorts to sorcery, snorting out flames, but the white egret transforms herself into a phoenix of fire and burns her adversary to death; but not before he has executed seven cartwheels at top speed across the stage, like some human Catherine Wheel.

All this is accompanied by crashing percussive effects, the distinctive two-string fiddle, round guitar (rather like a balalaika) and clarinet coming into their own in the passages of singing which are, after all, for the Chinese, the main feature of Peking Opera. This side of the Opera has been seen in The Women General, where an aged Dowager leads her brilliantly attired troops in a border conflict. Much of the action is taken up with a test in the martial arts for a young boy, the last of a distinguished male line, who wants to join the offensive. He is directed to compete with his mother, who allows him still to score points. This opera has all the traditional elements of old men and dastardly enemy leaders on their raised soles, with penance attached to their backs and astonishing facial make-up. It makes for a stunning spectacle, climaxing in the rout



Peking Opera: A Fight in the Dark

of the enemy who tumble about the stage in full bedazzlement while the monstrous regiment glides on in impressive unison, as if mounted on casters. Their costumes alone are worth the price of admission.

The itinerant Theatre of Nations, this year in Hamburg, coincides with the departure from the Schauspielhaus of its Intendant, Ivan Nagel, following a bitter and publicly conducted wrangle instigated in the Press. Certain newspapers have objected to the productions of Peter Zadek on political grounds, which seems absurd having witnessed several of his Shakespeare productions and, on my last night in Hamburg, his stunning production of *Brutus* Gable, in which the heroine is depicted as a lustless Gertrude Lawrence figure. Herr Nagel is out to make a splash with this festival, and seems well on the way to doing so.

The programme is adventurous, eclectic. From England, for instance, came the RSC's *Coriolanus*, the Pip Simmons Group with *Woyzeck*, and Zamyatin's *Wg*, the People Show and the Lindsay Kemp troupe. One-man shows are a prominent feature, with Jango Edwards; Marcel Marceau; the New York transvestite star of *Outrageous*, Cris Russell; and Dario Fo. I saw a remarkable performance

art group from Florence, Il Carrozone, perform *Punto di Rotura* (*Breaking Point*) in a garage. Directed by Federico Tiezzi, the show is like a punk cross of the styles of Robert Wilson and Richard Foreman, bursting with a nervous and upsetting energy. Actors challenge our ideas of perspective on stage by hanging horizontally from the walls, crashing against furniture and breaking out while red neon lights come on and off, disrupting performance rhythm, the odd red strip suddenly shooting to the floor. It is all played out against a series of disorienting back projections and a Hitchcockian soundtrack of murder, mystery and sheer panic. Odd, but compulsive, stuff.

I also managed to see half an hour or so of the Maxim Gorky Theatre from Leningrad in Tolstoy's *Tale of the Horse*, a beautiful and charmingly old-fashioned production, with an on-stage band and grey-clad actors switching tales and weaving in protest at the West's imminent intrusion; and *La nuova commedia di* *cinco* *pensatori* from Naples, with their irresistible programme of folk songs that transformed the little auditorium by the Museum into a place of village festivity and high spirits.

A faithful Welsh Traviata

Welsh National Opera's new *La Traviata* at the New Theatre, Cardiff, is a useful reminder that the masterpieces of the repertoire can still be presented freshly and satisfyingly on traditional lines. At a time of bird-brained "new approaches" bolstered by shameless ignorance, Stewart Trotter's production in designs by Tim Goodchild seem almost revolutionary in the general faithfulness to what Verdi and librettist Flaubert were after. Mr. Trotter was Peter Hall's assistant at Glyndebourne for *Don Giovanni*. He was in charge of the revivals of both that production and the *Cost of Love* that followed. *Traviata* is his first opera production on his own. There should be many others.

Mr. Trotter disclaims expert musical knowledge, but everything he does in this *Traviata* shows intelligent, sensitive musical response. The period chosen for this staging is that of the novel by Dumas fils. *La Dame aux Camélias*, rather than that of Verdi's musical setting of the play adapted from the novel, which came a little later. Probably the few years' gap makes little difference. Parisian elegance was already becoming encrusted with what was to flower fully as Second Empire grandeur. Violetta is a plausibly hung with "Persian" decorations and piled with cushions — a "studio", in fact.

A good production of *La*

Traviata will distinguish between the two party scenes. Violetta's act one (intimate, informal, slightly louche) and act 3 (grand, more formal, raffish but with enough semblance of good manners to make Alfredo's insults tell). The Welsh National staging makes the distinction yet blurs it in the first act by over-lighting the set. From a stall seat on audience left I could not see through the windows of the salon but bright light, presumably sunlight (though the text

referred to "night") was pouring in. Did Violetta serve oysters and champagne to friends lying about all over the place in broad daylight with no blinds drawn to keep out prying eyes? Otherwise, in the peacefulness of the country house, the vulgar luxury of Flora's and the de-aud grandeur of the last-act bedroom, the milieu was well observed.

Suzanne Murphy's Violetta marks a big advance on her small role in the same company's "Persian" decorations and piled with cushions — a "studio", in fact.

High time for a salute to the second volume of Julian Budden's *The Operas of Verdi* (Cassell, £17.50). Mr. Budden's

first volume, extending from *Otello* to *Rigoletto*, quickly became a valued, much-consulted friend on the same shelf as Newman's *Wagner Nights* and Mann's *Richard Strauss—a critical study of the operas*. The second volume goes from *Il trovatore* to *La forza del destino*. So much has come to light in recent years through the work of the Instituto di studi Verdiani in Parma and of independent scholars like Andrew Porter and Mr. Budden himself, that the original two-volume plan has been abandoned.

Meanwhile, though vol. 2 is a little less fat than vol. 1, there is plenty of meat: full discussions of the seven operas concerned including *Aroldo* (the re-fashioning of *Stiffelio*, described in vol. 1) and the two versions of *Simon Boccanegra*. There are plenty of clearly-reproduced music-type examples. Mr. Budden is as illuminating on the historical and social background as on the operas themselves. Lucid, informative and readable as usual, he opens with two valuable general essays, on "The collapse of a tradition" (the world of opera in the first half of the 19th century is not so far from the remote age of Rameau and Handel as people imagine) and on "Formation of the 'nature style'." A stimulating companion to the present abundance of Verdi revivals and recordings.

OPERA

RONALD CRICHTON

The Ice Break at Covent Garden

Sir Michael Tippett's fourth opera, first seen at Covent Garden nearly two years ago, had its first revival on Thursday. The production is scarcely altered (though from where I sat the laser effects seemed more vivid); a good deal of the movement, both of principals and of chorus, looks frenetic and silent-filmish. The rapid succession of brief events obviously induces an anxiety to make every moment tell. David Atherton has reinforced Colin Davis as co-director, and expounded the score with conviction; Elzbieta Vaughan comes professionally with the fairly thoughtless role of Fayle, the alienated flower-child.

The whole remains an impressively devoted realisation of Tippett's curious vision. The story is a sort of William Burroughs "cut-up" of yesterday's lurid Press reports of the American scene; if you were asked to improvise something

that would bring together a saintly Russian dissident, Mohammed Ali and racial strife in New York, after a minute or two this is what you think of — though Tippett keeps it in his own Jungian perspective. It is in short (very short: just over an hour, with two 20-minute intervals) a personal fantasy on what excites the mass media, with the occasional window opening on to a private landscape. Very rum, even cranky, and sensationally concise: not a moment is wasted, and all the trading upon instant recognisability allows the sense of the present, original musical gestures to be taken at once. Not all the vocal writing sounds happy yet, but *The Ice Break* is very nearly a "minor symphony" with attached plot. One could think of the action as a programme note, a guide to what the composer (not the mundane sage; we don't really want to know about him) has in mind.

It makes a tantalising experience, and musically there is nothing second-hand in it (though I regret the dim echo of Achilles' freezing war cry from King Priam in Olympian "I'm black" here). Lovers of Tippett, and of untrammelled personal exploration generally, ought to try it. John Shirley-Quirk and Heather Harper lead much dignity to the dissident and his long-lost wife; Tom McDonnell plays their disaffected, Americanised son like a cat on a hot tin roof, but with clearly etched phrases. The black characters are Clyde Walker and Beverly Vaughan, who write gratefully to the respective passages Tippett grants them. As a doctor and a police lieutenant, John Dobson and Roderick Kennedy make bricks with a minimum of str-w. Ralph Kolt's designs suggests Heath Robinson in Perspex, which

isn't inappropriate (though I wish he could control his weak "ness for fright" wigs); to have helped the action proceed so "effortlessly" — and "unselfishly" — is a creditable achievement. Everything is informed — however eccentrically — by an authentic musical spirit; it is sometimes moving, never boring, and has more unnatural operatic life than most products of up-to-date, orthodox sophistication. DAVID MURRAY

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FINANCIAL TIMES

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Saturday May 5 1979

A five-year programme

MRS. THATCHER has won and won decisively. She has a majority which enables her to plan for a full five-year Parliamentary term, both from her own point of view and that of the country, is the single most important fact. On Thursday morning we said that we favoured her cause, but that the realisation of her aims would require great tact and patience. She has been given the opportunity to demonstrate just those qualities without having to fear an election called at a moment not of her choosing.

Two reasons

She won decisively for two reasons. Votes were swung because of the discontent with Labour's record and because her message that the time had come for setting out in a new direction got through. True, there were considerable variations in the regional pattern. By and large, the Tories did worst in areas of industrial decline which Labour policies had sheltered at least to some extent from the harshest effects of inevitable economic change. She did best in those parts of the country where people had enough confidence to believe her message that greater personal freedom and less state intervention offered the best chance of economic growth and greater prosperity.

This is something the new Prime Minister will have to keep constantly in mind. Her inheritance is not as easy as she would wish. The world outlook is anything but cheerful. The inflation rate in this country will certainly not fall for some while ahead and may well rise somewhat further apart from the effect of any increases in indirect taxation on the price level. Most important immediately is the fact that on the basis of existing commitments the public sector borrowing requirement will rise in this financial year and there is no scope at all for a cut in the overall burden of taxation. Prudence dictates that the first Tory Budget will be a disappointment to many of those who voted Tory and expected immediate and large benefits to flow from that.

Industrial front

On the industrial front a number of public sector pay settlements are still outstanding—the teachers, the power workers, local government staff, industrial civil servants and the post office workers. Mrs. Thatcher will have to establish working relationships with trade union leaders many of whom have stated repeatedly that her victory would be a disaster and who have become

used at least to the appearance of having major influence on Government decisions. In the Commons her less experienced Ministers will have to cope with more experienced and well-briefed opponents, though this is no more than a temporary disadvantage and one which will to some extent be offset by low morale on the Labour benches.

Political skill

To set out the catalogue of Mrs. Thatcher's problems is not to say that she will prove unable to cope with them. She showed considerable political skill in her election campaign, realising that she had to sell not merely Tory policies but also herself. On many of the less formal occasions she demonstrated that she could find the right words for the right occasions. Up against Mr. Callaghan and Mr. David Steel who both made the most of their opportunities, she came across as a politician of courage and nerve when faced with what for her was the supreme test of her career.

She would do well in particular to take very seriously the "whole tenor" of what Mr. Steel had to say. While the verdict of the electorate was clear, there were many indications that the Liberal insistence on the utility of straight adversarial politics struck a popular chord. There is no other explanation for the way in which the Liberal vote held up even though there was little if any chance that the Liberals might after all hold the balance of power.

Change wanted

The electorate has made it clear that it wants a change of direction. The size of the combined Tory and Liberal vote is evidence of the fact that a very substantial majority of the electorate has rejected Labour policies, that it wants to see a reversal of years of decline and seeming powerlessness in a difficult world.

But for all, the electorate will be looking at every turn for evidence that new policies introduced by the Tories actually work. The memory of the winter of discontent is still very fresh—it was one of the chief reasons why Labour lost. The electorate wants change but it wants it painlessly as possible and without open conflict. Therein lies the real challenge for the new Government. If Mrs. Thatcher can carry people with her the flow of North Sea oil and the tax revenues it will bring can keep the Tories in power for a decade. Provided the direction is clear, Mrs. Thatcher can take it slowly. Not only can she do so, she must.

ELECTION ANALYSIS...AND THE AFTERMATH

Why time is probably on Mrs. Thatcher's side

By MALCOLM RUTHERFORD, Political Editor

MRS. THATCHER has made it with a majority that should be easily sufficient to see her through a five-year Parliament. It is a tremendous personal achievement. No one should doubt that it is her victory, and that of a few close advisers such as Lord Thorneycroft, the chairman of the Conservative Party. She judged right how to win an election at a time when many others, even from among her own side, were wishing her to be more cautious and, until the eve of the poll, were even contemplating defeat.

For the moment at least Mrs. Thatcher's Toryism has emerged on top. If she could run the country as she ran her campaign, there would seem to be few problems ahead.

Yet as the new Prime Minister surveys the country this morning, it must be clear that the inheritance, though desirable, is not without blemishes. Nothing has changed in Britain, except the Government.

There is, first of all, the pattern of the results. It was a solid overall victory, but it was not an even one. The results in Scotland alone should serve as a warning for the future. The resurgence of the Labour Party at the expense of the Scottish Nationalists is a reminder that Scotland is a different animal from the rest of the UK. Nationalism with a large "N" may be on the retreat, but that is not to say that the Scottish question has disappeared.

Mrs. Thatcher has also lost the assistance of Mr. Teddy Taylor, the former Conservative Member for Glasgow Cathcart, who would almost certainly have been Secretary of State for Scotland. Finding a successor will be yet another problem in the process of Cabinet-making this weekend.

In a curious way the loss of Mr. Taylor mirrors the killing of Mr. Airey Neave at the beginning of the election campaign. Mrs. Thatcher has been deprived of two of her principal lieutenants within the course of a few weeks. Mr. Neave would surely have been Secretary of State for Northern Ireland. There, at once, are two holes in her administration. Ulster certainly seems likely to be a problem from the start. The election campaign demonstrated both that the violence is no longer being contained as it was (say) a year ago and that the Tories have no clear ideas about a political settlement. Mr. Jack Lynch, the Irish Prime Minister, will surely arrive at No. 10 Downing Street within the next month or so with the intention of pressing for a political initiative. The U.S. Administration, or at least some leading U.S. politicians, may be pressing for the same thing. There



The ex-Prime Minister and ex-Chancellor of the Exchequer make their farewells in Downing Street yesterday.

could be no clearer demonstration of the way running the British Government is not simply a matter of trying to get the economy right. There are some intractable problems that have been with us for decades.

Even in England itself some of the election results must be disquieting to anyone seeking to conduct a national policy. It is not so much the North-South gap, though in very broad terms that has become plain than ever. (Some of the largest swings to the Tories were in the South East of the country, and some of the smallest in the North East). There are also some seats in the middle which the Tories must have expected to win even if their overall majority in Parliament had been smaller, and yet which they failed to capture. Bolton West, where the Labour majority last time was only 908, is one example. Labour held it with a majority of 600.

Not least, there are the problems posed by the most remarkable set of results of all. Those are the constituencies where there is a heavy percentage of car workers. Time and again there was a disproportionate swing to the Tories in areas which depend on the car industry. The Tories gained

Birmingham Northfield, which houses many of the workers at Leyland's Longbridge plant, with a swing of 10.2 per cent. Basildon, where there are a lot of Ford workers, was never even on anyone's list of potential Tory gains, yet the Tories won it with a swing of 11 per cent. The same point can be made about Hornchurch and a number of other constituencies. Dagenham itself, the home of the Ford Motor Company in Britain, had a swing to the Tories of 13.4 per cent, though the seat remained Labour.

Of course, such results must be intensely gratifying to Mrs. Thatcher, but they are so phenomenal that they also call for special explanation. Mrs. Shirley Williams, the outgoing Education Secretary, who was herself surprisingly defeated in the new industry area of Hertford and Stevenage, had a partial shot at it when she said that the Tory gains in the South East as a "victory of the haves over the have nots."

Certainly that does something to explain the series of Tory gains not far from London. Welwyn and Hatfield is an outstanding example, but it is also remarkable in itself. It was the very constituency where Labour prided itself on pouring in money to build the HS 140

aircraft as a symbol of the new state-aided advanced technology, and where it had an exceptionally attractive candidate in Mrs. Helena Dagnall. Mrs. Hayman lost her seat by nearly 3,500 votes. It was almost a case of Labour's privileged people biting the hand that feeds them.

Yet the behaviour of the car workers is even more striking. The most obvious explanation that comes to mind is the demand for the restoration of differentials, as evidenced by so many of the industry's recent disputes. As such it is both a tribute to Mrs. Thatcher, and a warning. Skilled workers may believe that they can do better under free collective bargaining, but that begs the question of how Mrs. Thatcher can manage the re-entry into a free market system.

Industrial policy and all its ramifications indeed seem likely to emerge as the biggest single issue commanding the new Government's attention. Such were the Conservatives' promises to reduce state intervention, that it was always probable that this particular area of policy would loom large, but implementation has been made more difficult by the regional pattern of the results. At the back of it all lies the

uneasy question of the new government's relations with the trades unions. Policies which increase unemployment—however temporarily—by dismantling state aid, or raise the cost of living by a shift to indirect taxation, are likely to make these relations more difficult.

Yet it remains that Mrs. Thatcher has one overwhelming advantage that was not generally predicted. The size of her majority means that she can plan for a full five years. The danger that the Conservatives would have to face another election before their policies had had a chance to work has been removed. There is no need now to do anything fast. Mrs. Thatcher has no need either to prove herself to the Party. She has done it by the size and manner of her victory.

That means in turn that the Conservatives in office have time to think—a skeletal budget in June as a symbol of good intentions, but then a period of consultation as the Government sorts out its priorities and possibilities. The Tories have a lot to learn, and the autumn is time enough for major initiatives.

The same goes for foreign policy. There is no need now to do anything rash about

Rhodesia, whatever the right wing of the party may think. There is an opportunity for consultations with all concerned before action is taken. Mrs. Thatcher indeed will have plenty of occasions for talks with other world leaders in the next few weeks—at the European Council next month, at the Tokyo economic summit a few days later and at the Commonwealth Prime Ministers' Conference in Lusaka in August. All that could be an instructive process.

As for Mr. Callaghan, one cannot help thinking that the most dignified course for him now would be to submit himself for re-election as leader of the Labour Party before the party conference in October. In fact, it would be the only course compatible with his pledges during the campaign that he was remaining in politics. It is most unlikely that he will lead the party at the next general election, but the aftermath of defeat is not always the best time to change generals and one would expect Mr. Callaghan—and the bulk of the Labour Party—to realise it.

It is sometimes said that Labour in opposition will move sharply to the Left, and there are already those who are arguing that the party would have done better this time if it had fought a more Socialist campaign. That, however, is to ignore the Labour Right. The Left was hardly conspicuous for its success in the last few weeks. Mr. Anthony Wedgwood Benn played little part at the national level and saw his own majority in Bristol South East severely dented.

The Labour Party and others might also like to take a lesson from Mr. David Steel, the Liberal leader. True, he completely failed in his objective of trying to increase Liberal representation by concentrating on a few key seats, and perhaps under the British electoral system that is impossible. Yet he emerged as one of the most appealing figures in the election. His stress on the need to find a national consensus was clearly popular. Yet there was nothing that he said at any stage that could not have come from a social democrat. That is the lesson for Labour. There is plainly room for a social democrat party if it can present itself attractively, and indeed Britain has bucked the European trend by moving to Government that is Conservative in name.

The lesson for Mrs. Thatcher, if it is not presumptuous to suggest that there is one, after such a victory, is that this is a very divided country. The new Prime Minister believes in one nation, but not everyone believes that she does. The first task is to heal the wounds.

Letters to the Editor

Values

From Mr. P. Kelley

Sir—Exposure Draft 24 has once again brought inflation accounting to the foreground. Once again it seems that inflation-adjusted increases in asset values will lead to increased depreciation, reduced net earnings for equity and presumably reduced dividends. All this is of course assumed to be in the best interests of the shareholder, since I see that one justification for introducing inflation accounting is to provide the shareholder with more realistic information than under the historic convention.

The cut in net earnings and dividends, however, would normally lead to a reduction in share prices, in this case being an artificial reduction in the values of companies. Disgruntled shareholders may either pass away with shock or sell their shares in any particular company at, for example, the same price at which they were purchased some years earlier. In either case the tax man wins since either capital transfer tax is payable, or in the event of a sale no "real" loss can be established.

Surely if ED24 is intended to present a fairer picture to shareholders when they act on the information thus presented they should receive fairer inflation-adjusted treatment regarding capital gains tax and CTT?

Peter H. S. Kelley, 105 Edmond Street, Birmingham.

Vouchers

From Mr. A. Hughes

Sir—May I support Mr. Senior's plea (April 30) for uniformity in the format of dividend counterfoils issued by companies. It would undoubtedly save much time for dividend listers. Could I extend this plea, if so far as it relates to the sequential number of the dividend or interest payment, to the Bank of England? On a number of its documents, the sequential number is shown, not on the voucher, but on the divi-

dend warrant itself, so that after payment in, all trace of the number is lost.

Could I also ask for a simple revision of S.522 of the Income and Corporation Taxes Act, 1978? For the past two years where the tax rate has been changed after April 5, the Bank of England, on paying dividends on Treasury, etc., stocks, has deducted tax (quite correctly) at the old rate during the opening months of the new fiscal year (i.e., in 1978 it deducted tax at 34 per cent between April and July). The simplest method of adjustment would have been for the second payment in the year to have had tax deducted at 32 per cent to balance the matter. Not so, however. Under S.522 the Bank is precluded from making this simple adjustment. In countless cases, therefore, the unlucky recipient of the dividend, or the dividend lister, has to make separate claim of his Inspector for the 1 per cent repayment.

I would like official sources to disclose how many taxpayers fall to make this claim and how much windfall profit accrues to the Treasury through this failure to refund the 1 per cent. Alan P. Hughes, 136, Northey Avenue, Cheam, Surrey.

Travelling

From Mr. A. Smallhorn

Sir—The letter from Mr. R. Foster (April 27) brings to mind a further problem of travelling in this country. As one who travels well over 40,000 miles to all parts of the country by road, I am finding it increasingly difficult to gauge the time that it will take to reach my destination. Some days it seems that every corner of every road is being realigned. All over the country new small roadworks appear. Each brings a set of traffic lights and utter chaos in any concept of timing one's journey. Recently an 18 mile journey to a motorway had three sets of traffic lights and one four-mile diversion. Once on the motorway there were continuous roadworks. I have given up

attempting to travel north of Birmingham on the M6; instead I take the train from Rugby with all the incompetent time-keeping that this entails.

Is not the electing of a new Parliament also a good time to question the concept of Government expenditure on roads? I understand that major roads are paid for by the Exchequer. Minor roads, "kerb manicuring", and all the small so-called improvements are paid out of rates. Each one must cost the rate payer and the taxpayer many thousands of pounds and, although each employs planners, supervisors, councillors and roadmakers the overall benefit to the community is virtually nil. It is accepted that some good comes from some roadworks as they improve safety. The majority are a sheer waste of money and do not improve safety nearly as much as a good motorway. Reallocation of moneys to major road improvements would benefit industry in the same way as a guaranteed train timetable on a long distance journey.

Anthony Smallhorn, Wrayfield House, Stotfold, Hitchin, Hertfordshire.

Teachers

From Mr. J. Holden

Sir, There are other advantages enjoyed by Mrs. Isherwood's husband and by other state and local government employees which are not mentioned in her letter of April 28. Schools don't go bankrupt. Can she imagine depending entirely on her work for a private organisation whose existence depends on its ability to create sufficient gross profit to pay inter alia her salary?

It is also exceptional for a state employee to lose his/her job through personal incompetence or waywardness. In the private sector as we all know shops shut down and factories close and the employees are thrown onto the labour market. So far as I know this has never happened to any section of national or local government.

Closed down? Yes. Workforce sacked? Never.

Through taxation the state is forcing me to pay part of Mr. Isherwood's inflation-proof pension. No member of the Isherwood family makes any contribution towards mine. It is not true that 6 per cent deduction from salary is sufficient to fund the pension of a male teacher retiring at 65. It is even less adequate in the case of a female teacher retiring at 60.

John Holden, Garth House, Pillerton Hersey, Warwickshire.

Change

From Mr. D. Green

Sir—Within the next five years world oil demand will overtake supply, and in all probability national oil production will again fall below present demand. Internationally, less by 1985 we have created the additional industrial capacity to pay accelerating international energy and other commodity costs; and in addition have reformed our internal energy and resource infrastructure to enable us to go on at the price of an annual reduction in resource usage, our condition may be different in detail to that predicted by George Orwell, but not materially different in kind.

Patently there are certain fundamentals which our new Government must meet head on. It can no longer use such resources as we have to invent jobs that add nothing to our external trading strength. It can no longer sustain the far greater number of jobs whose historical invention is reflected in the woeful over-manning of existing industries and their pitiful record of productivity compared with our international competitors; it must not continue to fritter resources on supporting declining and obsolete industries whose only rationale for continued existence is the jobs of those who work in them, and which contribute nothing to our external trading strength. It must face the need for rapid and at times painful

change to conditions which themselves are changing rapidly and painfully. For if we do not adapt to our radically altered environment we shall as surely go under as has every other species that, for whatever reason, has similarly so failed. David Green, Rhyl, W. W. Harding, Castle Morris, Near Haverfordwest.

Insurance

From the Secretary, British Insurance Association.

Sir—In referring to the new rules relating to accounts and business requirements made under the Insurance Brokers (Registration) Act, your report (April 30) stated that the "insurer's broking account" was colloquially known as a "client account." This is the statutory description of the type of account in which solicitors are required to hold their clients' money and such accounts are subject to safeguards of a very high standard. The most important of these are firstly that a solicitor is not permitted to make a payment out of the account on behalf of a particular client in excess of the amount standing to the clients' credit, and secondly that the solicitor is not permitted to obtain a bank overdraft on the account. While the "insurance broking accounts" will keep clients' money separate from that of the broker, they will not be subject to the two important safeguards referred to above which apply in the case of solicitors' "client accounts." It could therefore be misleading to refer to "insurance broking accounts" as "client accounts."

K. A. Mansfield, Aldermey House, Queen Street, ECA.

Accountancy

From the Immediate Past President, The Association of Certified Accountants

Sir—I am pleased to see that the executive director of the Society of Company and Com-

mercial Accountants (April 30) agrees with me as to the danger of a three-way split within the accountancy profession. What he apparently failed to note, however, was that I had said that such a danger would be the continuance of the consultative committee of accountancy bodies in order to avoid such a split. That committee as those of us within the profession know full well represents some 130,000 members of the six bodies of whom 75 per cent are non-practising.

I agree entirely that the views and rights of the 75 per cent need to be fully represented at all levels—CCAB can ensure that they are. My comment arose precisely because I felt that too great an influence was exercised by the major auditing firms and not enough by the remainder. Edmund Gibbs, 39, Lincoln's Inn Fields, WC2.

Expatriates

From Mr. J. Smith

Sir—Read with interest Michael Dixon's article (April 26) on the insend business school. The Dean is quoted as saying that no tax is payable either in the UK or France for someone who teaches in France for a period not exceeding two years. I would like to point out that this is not automatically the case and, for a person usually resident in the UK, there would be the liability to tax on 75 per cent of the earnings unless he could meet the rather rigorous conditions for claiming the 100 per cent deduction under the Finance Act 1977 Schedule 7, paragraph 1 or the non-resident status under Taxes Act 1970 Sections 49 and 50. Incidentally, if pressure of work were to permit I might well contact the Dean myself in due course, with a view to a possible short term secondment. J. W. Smith, Meeson Mackinson Smith and Co., Ashley House, 19-20 George Street, Richmond, Surrey.

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ELECTION ANALYSIS AND THE AFTERMATH

Some uninspiring reading for Sir Geoffrey Howe

THE FIRST task of the new Conservative Chancellor, as may be well known to Sir Geoffrey Howe, is to dispense with the formalities—will be the hollow ritual known as "looking at the books." This is the necessary preliminary of turning election slogans into working policies, but in reality not so much a matter of learning the hidden secrets of the official statistics and forecasts (though there are unpublished working forecasts) as of discussing feasibility with officials.

The economic books would merit only a brief study at this stage, because they are full not so much of hidden facts as of guesswork. The industrial disruption of the winter ensured that the figures that are usually regarded as the central measures of the economy—output, employment, external trade, stock levels, earnings and the main financial flows—were all heavily distorted.

Since then, industrial trouble in the civil service has moved that recent figures are not only distorted, but based on patchy data. The kind of broad-brush assessment which can be made by an outsider in the City or the newspapers is probably not much more or less misleading than the random sample of "facts" available to Sir Geoffrey and his officials. He is working on a copy of last year's Bradshaw, as Mr. Macmillan called the forecasts, with some pages dog-eared and some missing.

Uninspiring

What seems to emerge from this smudgy information is a picture which, while it is not alarming, is deeply uninspiring, offering only the chauvinistic comfort that others are likely to be much worse off than we are. The outside world, which was pictured in quite encouraging terms by the OECD only last December, has changed markedly for the worse.

The Iran crisis, and the sharp rise in the price of oil, which has already resulted in already reduced forecasts to reduce their figure for developed country growth by a full percentage point, in possibly less than two per cent—a dreadfully low figure by historic standards. A further oil price rise feared in the autumn could reduce this figure further, though the estimate buoyancy of U.S. consumer demand, supported by large foreign borrowing by two-income families, has not delayed the general downturn.

Britain is, of course, partly immune internally from the effects of higher oil prices. The effect on the balance of payments is minimal as we approach oil self-sufficiency, and the effect on national income of diverting money to oil will be in the future, however, the recession in the outside world is bound to depress British growth prospects.

The 4 per cent volume growth in exports which was last year seen as the strongest component of demand for UK output now looks like a pipe dream: exporters will do well to keep in step with the growth of GDP as a whole, which will probably be broadly in line with world growth, at 1.2 per cent.

The driving force, as last year, will be consumer demand. With inflation now expected to remain very near the 10 per cent mark through the year, real income will rise by about 1 per cent. Unfortunately, the growing penetration of retail markets by imported consumer goods means that much of this potential demand will leak out through the balance of payments (though the money balance will nevertheless improve, thanks to a sharp improvement in the terms of trade).

What investment and stock-building levelling off or declining, this rise in consumer demand would be perfectly consistent with a growth of output of barely more than 1 per cent. The main reason for hoping for a higher figure is the reported view from industry that its own response to the higher rise in real income last year is only now coming through—a characteristically sluggish performance.

The fact that improving terms of trade are good for inflation and consumption, but bad for growth, is one way of describing a dilemma which Sir Geoffrey may well regard as being as urgent as his tax measures, exchange rate policy, and financial security values, contrasted with sluggish markets, rising interest rates and rising inflation in the U.S. has made sterling highly attractive internationally.

As a result, the exchange rate has risen too high for the comfort of exporters. So far the only critical problems have arisen in industries such as chemicals and fibres, caught not only by a rising exchange rate but by low U.S. demand prices; but a high real value for sterling—a combination of exchange market and wage-cost pressures—threatens a severe squeeze on profits.

Response

Mr. Denis Healey had already planned to respond to these pressures by making a very cautious start on the relaxation of exchange controls in his Budget—the idea is simply to balance the foreign capital inflows which are driving the pound up by allowing outflows from the UK to finance the overseas investment in plant and equipment which British companies are already making, and perhaps some financial and portfolio outflows as well.

Sir Geoffrey is known to want to approach this matter carefully, but he will probably wish to be bolder than Mr. Healey. But he may also want to make

an early start on financial diplomacy. The last government was reluctant to join the European Monetary System party for fear of the constraints that might be imposed, IMF-fashion, on a weak member. The help that might be available in running a sometimes embarrassing strong currency is a different matter, and Sir Geoffrey has expressed interest.

However, there is no magical escape route from a world recession, and though financial measures may prevent the profits squeeze becoming unbearable, it will be there. The North Sea exempts us from the sacrifices, but not the recession. It is against this background of stagnant well-being (comparatively speaking) that Sir Geoffrey must consider his Budget measures—and against which we can speculate about them.

The Conservative fiscal strategy is simple, but not

However, this is likely to prove a continuing and cautious programme, not some kind of anti-Socialist Sale of the Century; and this means that while the conventional sums can be allowed to produce some awkward-looking negative balances, these must be of limited size. Basically, Sir Geoffrey will be constrained by the normal Budget arithmetic.

The first stage of such a sum is to state where we are now; and it is not very much easier to do this in financial terms than it is in economic terms. A combination of computer strikes and the usual delay in local authority accounts leaves some scope for guesswork here, too. However, Mr. Healey laid a helpful base in his mini-Budget speech when he claimed that public sector borrowing was expected to emerge roughly on target at £2.5bn for 1978-79.

If this proves true (and it was only, by nature, a highly educated guess) then the figures in the winter public spending White Paper, corrected for unrealistic assumptions, coupled with the more up-to-date but still unrealistic Supply Estimates can be taken as a starting point for guessing the contents of Sir Geoffrey's Budget Red Book.

The White Paper put the PSBR for the current year at £5.5bn in funny money, or £5.5bn in the actual prices current this year. This assumed that both tax allowances were indexed under the Rooker-Wise amendment, as was done in the mini-Budget, and that specific revenue duties were also indexed, which was not done. This raises the total to £5bn. The economy is also growing less fast than was expected, which raises the total by about the same sum, to £5.5bn (a rise which would be ignored under a constant-employment budgeting approach, favoured by some City advisers).

The impact of realistic sums for public sector pay involves some guesswork, since neither the comparability levels nor the staging of increases is yet settled; but this is not very important for the current year. Much of the cost of catching up will fall in 1980/81 rather than the current financial year. Indeed, allowing for public sector pay increases on one side, and adding in the higher prices of goods and services bought by the public sector, but taking credit on the other for higher revenue from income tax, VAT and national insurance charges, the net adjustment is again of the order of £500m, bringing the total on post-Mini-Budget policies to about £10bn. The promised increase in old-age pensions, and child benefit above White Paper levels, promised by Labour and endorsed by Mrs. Thatcher brings the total up to perhaps £10.5bn—the worst figure now commonly discussed. Happily, there are some substantial offsets. The White Paper expenditure figure included an unallocated contingency sum

PUBLIC SECTOR BORROWING REQUIREMENTS		
	£m	Labour Rule
1969-70	-327	
1970-71	302	
1971-72	1,013	Tory Rule
1972-73	2,498	
1973-74	4,432	
1974-75	7,947	
1975-76	10,606	
1976-77	8,541	Labour Rule
1977-78	5,492	
1978-79	8,230	
	N.T. estimate	
	Source: Financial Statistics	

straightforward, as Mr. Callaghan was of pains to point out during the campaign. The Conservatives aim to cut both taxes and the borrowing requirement; and if the economy remains sluggish, this looks like the statement of a dilemma.

On conventional assumptions, it looks as if Sir Geoffrey is trapped: until the economy grows faster (and although Labour put a modestly higher number in its programme, it was not clear how it was to be achieved), the Chancellor seems limited to a strategy of robbing Peter to pay Paul. Cuts in some taxes can be financed by raising others—the declared strategy of pay-as-you-spend rather than pay-as-you-earn. Public borrowing can be cut by cutting public spending.

These are indeed Conservative policies, but they do not tell the whole story. A programme of selling public sector assets, which has been promised by critics as a combination of bribes to council house dwellers and doctrinaire de-nationalisation is also of great importance financially. It is the most interesting of all Conservative policies from the City point of view; and if it is a success, it could prove something of a philosopher's stone.

The loss of Mrs. Williams: a cruel blow for Labour

IN THE General Election's most cruelly ironic moment yesterday, Mrs. Margaret Thatcher captured the 318th seat she required for a Tory majority by the ousting of Mrs. Shirley Williams from Hertford and Stevenage.

Mrs. Williams, one of Labour's leading moderates and a possible contender for the future leadership of the party, fell in a Conservative swing that swept Labour from all its seats in Hertfordshire.

One of the most popular members of the Commons, Mrs. Williams had played a prominent role in Labour's national campaign and may have paid a high personal penalty for it.

Added role

Mr. James Callaghan brought her into the Cabinet's inner circle in 1976, appointing her Secretary for Education and Welfare, an added and important role as chairman of a number of Cabinet committees.

Now that Labour's return to Opposition, her absence from the Commons will be a serious blow to the leadership of the party's moderates in the inevitable struggle with the Left wing over the course of future party policy.

Mrs. Williams will retain her seat on the Labour Party's National Executive Committee. But she will be a permanent presence in the Commons is bound for her, she may be tempted by academics and other poets outside politics for which her talents are equally high.

If Mrs. Williams is the most notable casualty of the General Election, perhaps the most tragic is Mr. Jeremy Thorpe. The former Liberal Leader had driven desperately to continue his political career in spite of his impending criminal trial.

The nine years of his leadership of the Liberal Party reached their peak in 1977-78 when the party won a series of spectacular elections and then came close to breaking through in February, 1978, as a major third force.

Mr. David Steel, who succeeded as party leader, won two of his most accomplished MPs in addition. The defeat of Mr. John Parnham in North Cornwall removed the party's most aggressive and thrusting MP from the Commons.

In all but name, he was the Liberals' deputy leader, a combative debater, prime generator of its financial and economic policies, and loyal adviser. Mr. Parnham will be a serious loss to the party.

Mr. Emlyn Hooson, another senior member of the Liberal hierarchy, lost his seat in Montgomery to further reduce the party's strength in the Commons.

Mr. Hooson, leader of the Welsh Liberals, was one of the party's most experienced politicians having sat in the Commons since 1962.

In the general Conservative advance, the party's only major casualty was Mr. Teddy Taylor, the man marked out by Mrs. Thatcher as her Secretary for Scotland. The right-wing populism which had enabled him to hold the inner city seat of Glasgow Cathcart finally proved insufficiently strong to withstand Labour's political revival in Scotland.

In another of the election's ironic twists, Mr. Taylor, one of the most vigorous leaders of the anti-devolutionists, lost his seat as the Scottish Nationalist cause which he had opposed so vehemently crumbled around him.

The Nationalists, in fact, were virtually eliminated as a significant political presence at Westminster. Mrs. Winnie Ewing, whose 1947 by-election victory in Hamilton, signalled the party's emergence into national politics, lost her seat at Moray and Nairn. Our also went Mr. George Yule, the party's developing spokesman, and Mr. Howard Bain, one of the "populist" most attractive campaigners.

In Wales, the soft-spoken and cultured leader of Plaid Cymru, Mr. Gwynfor Evans, lost his seat through his two MPs were returned to keep the cause alive.

Havoc

But it was among Labour's middle-rank and junior ministers and its backbenchers that the election naturally wrought the most havoc. Though Dr. David Owen narrowly retained his seat, his former Foreign Office colleagues suffered heavily. Mr. Frank Judd, Minister of State, was elected from Barnet North West by Mr. Peter Grieve, the former MP for Smithfield whom Sir Harold Wilson called a "parliamentary leper"; and the two Under-Secretaries, Mr. Evan Lloyd



(Oxford) and Mr. John Tomlinson (Murdun) were also removed.

Prominent left-wingers fell like dominoes. Miss Margaret Jackson, junior education minister, who won Lincoln from Dick Taverne in 1974, lost it as his former vote switched to the Tories.

Mr. Doug Hoyle and Mr. Arthur Latham, both former chairmen of the Tribune Group, lost their seats. So did the left wing's principal economic spokesman, Mr. Brian Sedgwick, who was until his recent sacking by Mr. Callaghan parliamentary private secretary to Mr. Tony Benn.

Some of Labour's most promising young backbenchers succumbed to the Tory advance. Mrs. Helene Rappman, despite her strenuous campaigning for the aircraft workers of her Woburn and Hatfield constituency, was bundled out.

Mr. Bryan Gould, one of the most acute of Labour's lawyers and economists and an unrelenting opponent of the EEC, lost Southampton Test.

But on both sides of the Commons, there was an injection of new young blood. Mr. Christopher Patten, head of the Tory Research Department, was elected for Bath; Mr. John Patten, a distinguished young academic and former party researcher, captured Oxford.

In the Labour side Mr. Frank Field, director of the Child Poverty Action Group, comes to the backbenches from Birkenhead; and Mr. Tom McNally, Mr. Callaghan's political adviser at 10 Downing Street and Labour's backroom foreign affairs expert, held Stockport North.

Philip Rawston

A tough, perhaps dangerous, road to negotiate on the pay front

ON THE surface, the TUC will be patient and polite. But underneath, such is its distrust of industrial and labour relations policies of Mrs. Thatcher as a Sir Keith Joseph, that the unions will be on the alert for any first sign of a hostile act. They would, for instance, have intervened if it was a "mainly" Mr. James Prior, still not confirmed as the Secretary of State for Employment, who were passed over for someone closer to Mrs. Thatcher, a word he has seen as proof that Mrs. Thatcher meant to try out all that she has promised—and possibly a great more. (The unions continued throughout the campaign that the manifesto was full of "inquiries" but short of real information.)

Mr. Prior claims to have published and contacts with union leaders—and although a hard to find one who will not to an actual encounter, there is no doubt that his style, as is likely, if he is allowed to read them, is a brief.

UNFINISHED BUSINESS OF THE PRESENT PAY ROUND

- 1,200,000 local government and health manual: 9% plus Clegg Commission awards due August 1979 and April 1980.
- 700,000 building workers: estimated 12% offer likely to be rejected.
- 600,000 civil servants: 9% from April 1; 5% August 1; balance of rises, raising total to 25% average, on January 1, 1980.
- 500,000 local government staff: 15% "target" plus comparability claimed.
- 432,000 teachers: 9% from April 1, plus reference to Clegg Commission; industrial action over terms of reference.
- 430,000 nurses: 9% plus Clegg Commission comparability.
- 203,000 English clearing bank staff: 12% rejected; seeking 15%.
- 200,000 PO telecommunications: 9% plus up to 7.5% offered.
- 190,000 postmen: 12% offer rejected in ballot.
- 182,000 industrial civil servants: expect 15-30% from comparability study.
- 95,000 power workers: 9% offer (worth 15% on earnings?); rejection by ballot expected.
- 50,000 ICI manual workers: 15% offer under negotiation.

The present generation of trade union leaders, with the possible exception of Mr. Moss Evans of the Transport Workers, is pretty moderate. But even the least militant of these moderates seem convinced—or have convinced themselves—that it is but a matter of time before the Tories start a fire. It could be the law, it could be jobs, or it could be pay.

That view, of course, may be no more than speculation born out of disappointment—and perhaps pent-up frustration at the unwillingness or inability of Mr. Callaghan's Government to do more on employment (through selective import controls, for instance) and less on wage control.

Perhaps the first pressing question for the new Government in its relations with the unions will be how to deal with the Clegg Commission's findings on public service pay.

As can be seen from the table, the "promised" comparability studies under the Clegg Commission, for large groups of service workers could be expensive. The new Government is

unlikely to refuse to pay up—unions are already warning them against the consequences of that—but it could well look again at the terms of reference for these studies. The Treasury has already tried to ensure that the cost is kept within manageable proportions; and one consequence of that is the industrial action in the schools.

The Conservatives take over towards the end of the 1978-79 bargaining round, which will make life a little easier for them. At the same time, and not merely because the round had been somewhat delayed, there are several potentially serious hitches to be overcome—

not least the possibility that the power workers' ballot will throw out their negotiators' deal as the postmen have already done. Warning noises are also coming from the right-wing led Engineering Union about the meanness of the employers in this year's negotiations on the national minimum earnings agreement.

In the construction industry, despite the unions' likely rejection of the "final" offer, there seems little mood for action

hoped his "voluntary" 5 per cent limit on settlements would prevail. The new Government will try and find comfort in these figures—the wide spread of settlements, for instance—as it embarks on its policy for incomes: no direct interference in the private sector; no subsidising of "excessive" pay deals in nationalised industries; and in central and local government, bargaining "within the limits of what the taxpayer and ratepayer can afford."

The framework for bargaining has been left vague in the manifesto: there is no mention of the economic forces or of the special select committee that earlier drafts of Conservative policy contained. The manifesto says more: "there should be more open and informed discussion of the Government's economic objectives (as happens, for example, in Germany and other countries) so that there is wider understanding of the consequences of unbridled bargaining and industrial action."

This is very much in the parallel posture in the TUC's concordat with the Labour Government. The big difference is that whereas the TUC pledged before polling day to sit down with a Labour Government and the CBI to take a view about wages, it told the Conservatives that the concordat was not transferable. The Tories would have to start from scratch.

Now the agendas for the unions' annual conference are out, and next winter's pay demands are soon to be decided. Given the tenseness of the atmosphere and the arithmetic of this wage round, it will be surprising if Mrs. Thatcher's recent admission that she could not rule out a pay freeze is not one of the main talking points of the summer.

Christian Tyler

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B.I.C.C.
B.O.C. International
B.S.R.
Halewick & Wilson
Bancroft Bank
Bass Chatterton
Beecham Group
Blue Circle Inds.
Boots
Bowling (C.T.)
B.A.T. Industries
British Home Stores
British Petroleum
Brown (John)
Cadbury Schweppes
Charter Consolidated
Coats Patons
Commercial Union
Consolidated Gold Fields
Coutain (Richard)
Courtaulds
De Beers Deft.
De La Rue
Dickinson Robinson
Dunlop Holdings
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Fisons
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Grand Metropolitan Hotels
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Imperial Chemical Inds.
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Kleinwort Benson, Lonsdale
Ladbroke Group
Land Securities
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Lloyds Bank
Lonrho
London Brick
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Plessey

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Sedgwick Forbes Holdings
Shell Transport & Trading
Slough Estates
Smith & Nephew
Spillers
Stock Conversion
Tate & Lyle
Taylor Woodrow
Tesco Stores
Thorn Electrical
Trafalgar House Inds.
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SUMMARY OF THE WEEK'S COMPANY NEWS

Bids and deals

F. J. C. Lilley, the construction company, made an agreed offer for ACE Machinery, manufacturer of hoists and winches for the construction industry. The terms are on the basis of 125p cash per share or three Lilley shares for every two of ACE. Earlier in the week, Lilley bought Z. and W. Wade for £13.7m cash from Whitecroft, the textile, building and engineering group.

In a surprise move, Wilmut-Breiden dropped its opposition to the 115p cash per share bid from Rockwell International. Five weeks ago Wilmut's directors stated that Rockwell's bid significantly undervalued the company and that they would not recommend any offer below 135p per share. Wilmut now advises shareholders to accept although a statement from the company continued to argue that the bid was inadequate.

Lorho was unsuccessful in its first attempt to take over Scottish and Universal Investments. Acceptances to the offer together with its own 30 per cent stake leaves Lorho with 46.4 per cent and the offer has been extended until May 11.

Louis C. Edwards, the meat process group, is acquiring the privately-owned Yorkshire Biscuits for £1.8m. The purchase is being financed through a rights issue and the acquisition is the first step in the Edwards's policy of expansion in the food sector.

Damatex AG, a subsidiary of the West German textile group Goetz, made an offer for 40 per cent of the ordinary shares of UK clothing concern Tricoville at 100p each, while the latter is to acquire Bavtex Textil GmbH and Trandman GmbH from Damatex. Tricoville will pay £460,000 on completion, followed by an amount equal to three times the excess over £179,000 of the consolidated pre-tax profits of Bavtex and Trandman for the year ending July 31, 1980, provided that the total price does not exceed £765,000.

Thomas Tilling sold Cox and Wyman, its paperback printing subsidiary, to McCordquade for £2m cash.

Johnson Group Cleaners is buying James Hayes and Sons, a subsidiary of J. Lyons, in a cash deal worth £2.13m.

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder	Final date
ACE Machinery	132	127	110 1/2	2.03	F. J. C. Lilley	—
Collett Dickenson	118 1/2	113	85	2.95	Hambros	—
Common Bros.	200 1/2	206	220	3.99	Dr. & Comwall	16/5

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder	Final date
English Prop.	60 1/2	60	54	57.3	Shipping & Olympia	—
Farm Feed	95 1/2	93	94	1.08	York Dev.	—
Jones Richards	170 1/2	166	109	37.1	Norcross	—
Knott Mill	80	78	27	2.76	Kitch. Queen	—
Lindsay & Wms.	128 1/2	120	107	8.99	RFD	—
Scot. & Univ. Invs.	208 1/2	199	204	43.8	Lorho	11/5
Smith Walth	181 1/2	185	148	1.91	R. Cartwright	—
Wilmut-Breiden	115 1/2	113	107	16.7	Rockwell	11/5

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. †† Date on which scheme is expected to become operative. ††† Based on 4/5/79. †††† At suspension. ††††† Estimated. ††††† Shares and cash. ††††† Unconditional.

Rights Issue

Provincial Laundries: One-for-two at 20p.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Aberdeen Const.	Dec.	3,350	15.7	5.74 (4.61)
Algate Inds.	Dec.	1,660	24.4	14.17 (13.96)
Allied Plant	Dec.	470	4.3	2.3 (0.71)
Anchor Chemical	Dec.	470	9.0	15.4 (4.18)
Blackleys	Dec.	354	10.9	15.1 (4.26)
Boat (Henry)	Dec.	2,860	1,030	17.9 (2.5)
Boustead	Dec.	2,340	1,890	7.4 (5.0)
Brit. Home Stores	Mar.	33,550	27,020	22.1 (14.3)
Cent. & Sheerw.	Dec.	5,530	4,880	6.4 (5.3)
Clement Clarke	Dec.	1,260	1,080	14.0 (10.8)
Comfort Hotels	Dec.	1,260	8.1	3.0 (0.37)
Davies & Newman	Dec.	2,014	802	23 (12.2)
Furness Withy	Dec.	12,212	20,718	33.5 (61.9)
Haden Carrier	Dec.	2,240	1,420	17.0 (8.7)
Hawila	Jan.	1,020	730	1.4 (1.0)
Hill (Charles)	Dec.	740	48	1.7 (2.0)
Hunting Assoc.	Dec.	5,900	4,800	34.7 (23.7)
Hunting Gibson	Dec.	1,268	3,880	14.8 (5.1)
Laing (John)	Dec.	14,783	16,015	16.2 (18.0)
Laporte Inds.	Dec.	12,137	10,242	11.4 (11.7)
Macdonald Martin	Dec.	1,260	1,340	48.3 (46.6)
McIntyre Mfg.	Jan.	635	534	1.5 (1.2)
Minty	Jan.	304	190	37.0 (22.3)
Mole (M.)	Dec.	56	94	2.0 (3.3)
Nurdin & Peacock	Dec.	5,440	4,870	14.8 (9.1)
P & O	Dec.	18,356	42,457	8.1 (20.3)
Pentland Inds.	Dec.	813	618	5.8 (4.5)
Porter Chadburn	Jan.	1,115	1,277	17.5 (21.2)
Roberts Adlard	Dec.	819	563	17.3 (11.6)
Rush & Tomkins	Dec.	1,173	1,271	9.2 (10.6)
Scottish Heritage	Dec.	1,090	567	14.2 (8.7)

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Spear & Jackson	Dec.	1,829	1,365	22.0 (10.5)
Stylo Shoes	Jan.	1,130	864	5.8 (4.5)
Turn Consult	Dec.	277	203	17.3 (12.6)
Tutorial	Jan.	21,100	21,774	7.6 (8.1)
Turpin	Dec.	1,290	1,060	23.2 (18.5)
Wadham Stringer	Dec.	4,013	3,239	9.1 (8.6)
Walker (J. O.)	Dec.	307	106	15.5 (8.5)
Wimpey	Dec.	57,212	53,954	17.8 (16.9)
Wire & Plastic	Dec.	374	347	7.2 (7.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
British Sugar	Apr.	10,190	7,880
Harrisons, Malaysia	Dec.	23,750	24,900
National & Comet	Mar.	41,080	27,190
Richards	Mar.	256	304
Samuelson Film	Sept.	606	233
Smith & Nephew	Mar.	5,010	4,493
Tricoville	Jan.	415	320
Welco	Dec.	365	291

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. † Adjusted for any intervening scrip issue. †† First quarter. ††† Gross. †††† Nine months. ††††† For 12 months. L. Loss.

Scrip Issue

Wire and Plastic: Two-for-five.

APPOINTMENTS

Senior posts at Glanvill Enthoven

GLANVILL ENTHOVEN, insurance broking subsidiary of Charterhouse Group, has made the following appointments. Mr. A. C. Liddle, executive chairman, Glanvill Enthoven (Reinsurance) Ltd. Mr. D. Shearman, joint managing director, Mr. P. J. J. Jones, Mr. C. Clements, Mr. D. J. Forsey, Mr. J. D. Shearman and Mr. N. J. Miller, directors, Glanvill Enthoven (Marine) Ltd. Mr. J. L. Jones, Mr. D. Shearman, Mr. P. J. J. Jones, Mr. C. Clements, Mr. D. J. Forsey, Mr. J. D. Shearman and Mr. N. J. Miller, directors, Glanvill Enthoven (Aviation) Ltd. Mr. F. D. Leith, managing director, Glanvill Enthoven (Scotland) Ltd. Mr. F. W. Winter, director.

GRINDLAY BRANDTS INSURANCE HOLDINGS, a member of the Grindlays Bank group, states that Mr. Irvin, a shareholder, has joined the insurance group as a director of a subsidiary being established to provide specialist services to the construction and contracting industry worldwide, including in particular arranging cover under design and construct professional indemnity policies and construction and erection all risks policies.

Mr. Robert R. Davis has joined ARRISS BANK, CHICAGO, as international economist in the economic research office and as the bank's international economic research section. HILL SAMUEL LIFE ASSURANCE has appointed Mr. T. W. Fielding-Smith as general manager direct sales, reporting to Mr. J. L. Jones.

ENTAIL ASSURANCE COMPANY OF LONDON, a member of the Ina Corporation Group, has made the following appointments. Mr. Ray F. Bradley has been appointed director and commercial manager of Cashmores' General Insurance Division and a director of GLYNWED STEEL STOCKHOLDINGS. He was formerly divisional sales manager of the General Insurance Division.

Mr. D. A. Barber has been appointed chief estate surveyor (development) at the BRITISH RAIL PROPERTY BOARD headquarters in place of Mr. W. T. Weston, who has retired. Mr. R. C. J. Bray becomes estate surveyor and manager, Southern Region and Mr. A. E. Monks, ARICS, estate surveyor and manager, Eastern Region. The new appointments are effective from May 21.

Mr. Russell W. Holman has been appointed a director of PREMIER CONSOLIDATED OILFIELDS. He is president of the company's American subsidiary, Premier Petroleum Inc. Mr. G. L. Williams, chief accountant and Mr. E. McL. Cameron, company secretary of NORTH WEST SECURITIES have been appointed executive directors. Mr. R. A. Allen retires from the board at the end of July. The company is the finance house subsidiary of the Bank of Scotland.

Mr. William Bryson has been appointed a director of HERON MOTOR GROUP, and managing director of its Scottish motor car retailing company Rossleigh. Mr. John Morimer becomes chairman of the Heron Plectis and Heron Leasing and Mr. K. D. Gillies has been appointed a director of C. E. HEATH and CO. (AGENCIES).

Mr. Christopher Cannon has joined TILNEY AND CO. stock brokers, as an associated member. He will be based in the head office in Liverpool. Mr. K. W. Cassidy has been appointed corporate finance director, MIDLAND BANK International division, with responsibility for portfolio investment. Mr. Gordon Fitch has been appointed director of engineering services, CROWN AGENTS, in succession to Mr. E. A. Kirkby who leaves on May 14. Prior to joining the Crown Agents, Mr. Fitch held senior executive positions in industry including that of director of construction for Davy Powergas.

Mr. K. D. Gillies has been appointed a director of C. E. HEATH and CO. (AGENCIES).

Chairman change at Berec

Mr. Collis Stapleton, chief executive of the BERE GROUP, has been appointed deputy chairman and will become chairman after the annual meeting on July 11. Mr. Lawrence W. Orchard retires as chairman and from the board on that date.



Mr. Collis Stapleton

Economic Diary

MONDAY — European Parliament in session, Luxembourg.

TUESDAY — National Enterprise Board annual report.

Teachers begin working strict five-hour day. Meetings of EEC Agriculture and Foreign Ministers, Brussels. Statement by Confederation of British Industry on EEC policy document. Liberal Party launches European Election campaign.

WEDNESDAY — New Parliament summoned to elect Speaker and to swear in members. Engineering pay talks resume, Tothill Street, London. London clearing banks' monthly statement (mid-April).

THURSDAY — Herr Helmut Schmidt, West German Chancellor, begins visit to Britain. Confederation of Shipbuilding and Engineering Workers meet, Imperial Hotel, London. Sir David McNee, Metropolitan Police Commissioner, opens European police conference, Lancaster House, London. CBI Industrial Trends Survey (April). Central Government transactions (including borrowing requirement) (April).

FRIDAY — National and Local Government Officers' Association special meeting on pay claim, Central Hall, Westminster. Sir Derek Ezra, chairman, National Coal Board, at "Scotland in Europe" dinner, North British Hotel, Edinburgh. Retail prices index (April). Building Societies' receipts and loans (April). Usable steel production (April).

SATURDAY — Mrs. Margaret Thatcher, address, Scottish Conservative Conference, City Hall, Perth.

New executives in Bass group

Mr. G. V. Parker will be retiring as managing director of Bass North from October 1. He will be succeeded by Mr. G. A. Sykes. Mr. Parker will continue as chairman of that company in a non-executive capacity. At Bass South, Mr. H. Chisholm-Jones will be retiring as chairman to be replaced by Mr. P. U. Burr from July 1. BASS LIMITED is the parent concern.

Mr. Trevor Green has been appointed secretary to the housing division of TARMAC in place of Mr. Sam Pickett, who has been made deputy managing director. Mr. Green will continue as divisional solicitor to the housing division.

Mr. A. S. Callen, Mr. N. A. de Zoete and Mr. L. Vickery will be joining the partnership of DE ZOETE AND BEVAN, stock brokers, on May 8.

Mr. Trevor West has been appointed assistant director (administration and finance) to the North East Regional Airport Committee which controls NEWCASTLE AIRPORT. He succeeds the late Miss Eileen O'Kane.

Air Marshal Sir Ivor Broom and Mr. George F. King are joining the Board of WANSBROUGH-WHITE AND CO. with particular reference to the development of Graphical Area Navigation—marine and aviation charts and products. Sir Ivor was Chief of the National Air Traffic Service, Royal Air Force, and Mr. George King retires as manager of the charting department of Decca Navigator on May 6.

Mr. Duncan MacDougall has been appointed general manager of THORN-BRITSON TELECOMMUNICATIONS. He will also become managing director of three of its subsidiaries handling manufacturing, sales and rental business.

Mr. MacDougall joins Thorn from Plessey Communications Systems, where he was managing director. Mr. E. T. Stephens, who has been general manager of Thorn-Ericsson Telecommunications since its formation in 1973, is to take up a new post with L.M. Ericsson in the U.S.

Mr. F. W. Stern has retired as chairman and from the board of the STERN OSMAT GROUP. Mrs. F. E. Stern and Mr. E. J. C. Alburn, non-executive directors, have also resigned from the board. Mr. E. B. M. Grubb, chairman of GKN Distributors has been appointed chairman of the Stern Osmat Group. Mr. J. A. Fox continues as deputy chairman, and as joint managing director (with Mr. K. S. Wilson) of Osmond and Matthews (trading as the Stern Osmat Group) the main operational company of the group. Stern Osmat is a subsidiary of GKN Limited.

Sir Frank Espley and Mr. N. J. Travis will retire as directors of the RIO TINTO-ZINC CORPORATION at the annual meeting on May 30. Sir Frank also retires this month as vice-chairman of Conzinc Riontinto of Australia and Mr. Travis as chairman of RTZ Borax, both RTZ subsidiaries.

Mr. W. Keith Callender has been appointed general manager of HUDSON BAY MINING AND SMELTING COMPANY'S Flin Flon/Snow Lake operations —

Canadian Metals Division. He succeeds Mr. J. R. Sadler, who continues as senior vice-president of that division.

Mr. Geoffrey L. Bayliss has become assistant managing director of NORTH EASTERN EVENING GAZETTE, of Thompson Regional Newspapers.

Sir Michael Herries has been elected deputy chairman of the court of directors of SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY in succession to Mr. A. I. Mackenzie, who continues as an ordinary director of the Society.

Mr. Ivan K. Soli has been appointed a director of MITCHELL COTTS GROUP. He is managing director of Mitchell Cotts, Johannesburg.

Viscount Jocelyn has been appointed managing director of ROBT. ARNOLD & CO.

Mr. Gilberto Sandretto has been appointed to the Board of SANDRETTO PLASTICS MACHINERY, a subsidiary of F. M. Sandretto, Turin, Italy. He will continue to work from the Turin head office.

Mr. Jim Humble has become director of the METRICATION BOARD.

Tan Sri Lee Lay Seng and Mr. Charles Letts have joined the Board of YULE CATTO AND CO.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public. For advertising details please ring Stephen Cooper 01-248 8000 Extn. 7008

ABERDEEN TRUST LIMITED

Six Months to 31st March, 1979

The Directors have declared an interim dividend of 1.35p net per ordinary stock 25p unit which will be paid on 22 June 1979. The interim dividend last year was equivalent to 1.157p net after adjusting for the one for two scrip issue in January 1978.

The Directors intend subject to any unforeseen circumstances to recommend a final dividend of not less than 2.55p net against an equivalent final dividend for last year of 2.4p net.

A fully invested position has been maintained throughout the past half year with some slight reduction of investments in the United States of America, the proceeds being principally reinvested in the United Kingdom.

The unaudited figures for the six months to 31 March 1979 are shown below together with comparative figures for the six months to 31 March 1978, the latter being adjusted where appropriate to reflect the 1 for 2 scrip issue.

	1978	1978
Gross Revenue after deducting interest and Expenses	£1,077,463	£856,208
Taxation	385,715	350,410
Net Revenue	691,748	505,798
Earnings per ordinary stock 25p unit	1.95p	1.83p
Value of Net Assets	48,506,753	40,718,578
Including full dollar premium of 2,000,000	50,506,753	42,718,578
	(27.7%)	(45.7%)
Net Asset Value per ordinary stock 25p unit after deducting prior charges at redemption values	136.8p	112.4p

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FTS/79

INSURANCE BASE RATES

Property Growth	111%
Vanbrugh Guaranteed	10.12%
Address shown under Insurance and Property Bond Table.	

Yule Catto & Co. Limited

Results	1978	1977
Turnover	£12,743,684	£10,144,107
Profit before taxation	£2,800,827	£2,488,940
Profit after taxation	£1,377,026	£1,217,520
Profit attributable to shareholders	£1,171,982	£1,217,520
Earnings per share	7.08p	7.87p
Dividends per share	1.54p	1.387p
Assets per share	71.9p	76.7p

At the AGM on 30th May, Lord Catto reported to shareholders:

- Group profit before tax of £2,800,827 was 13% higher than 1977/78.
- The year was one of consolidation in Malaysia with our new partner, the USDC, and expansion in the UK with the acquisition of Thomas Bell and Co Liverpool Ltd and Hartford Marine Ltd.
- The profit from our Malaysian plantations increased while the contribution from our UK activities before unallocated group expenses was lower.
- The maximum dividend allowed for the year of 1.54p is being recommended and is covered 4.6 times. This is in addition to the 11p capital repayment made in October 1978.

Copies of the Report and Accounts are available from: The Secretary, Yule Catto & Co. Ltd., New Bond Street House, 1 New Bond Street, LONDON W1Y 0SD.

This advertisement has been placed by the Board of The Debenture Corporation Limited.

Debenture Corporation

The Net Asset Value computed on a "Going Concern" basis* at the close of business on 3rd May, 1979 was 109.1p per share

* As defined in the Press announcement dated 2nd May, 1979, being after the deduction of prior charges at the middle market value immediately prior to the announcement of the current offer and including accumulated net income.

The Directors of The Debenture Corporation Limited have taken all reasonable care to ensure that the facts stated above are fair and accurate and they jointly and severally accept responsibility accordingly.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-263 1101.

Index Guide as at May 1, 1979 (Base 100 on 14.1.77)

Clive Fixed Interest Capital 155.81

Clive Fixed Interest Income 127.61

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London, EC3V 3PE. Tel: 01-623 6314.

Index Guide as at May 3, 1979

Capital Fixed Interest Portfolio 115.15

Income Fixed Interest Portfolio 105.15

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WORLD STOCK MARKETS

Wall St. eases on credit fears

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Effective 52.0780 241% (25%)
AN EASIER TREND prevailed in moderately active trading on Wall Street yesterday morning, reflecting fears of higher interest rates and possible credit tightening.

By 1 pm the Dow Jones Industrial Average was off 2.50 at 864.99, making a net loss of 1.55 on the week, while the NYSE All Common Index, at 857.38, shed 10 cents on the day and 12 cents on the week.

Closing prices and market reports were not available for this edition.

Advances by the Dow Jones Industrial Average was off 2.50 at 864.99, making a net loss of 1.55 on the week, while the NYSE All Common Index, at 857.38, shed 10 cents on the day and 12 cents on the week.

MONEY SUPPLY figures. THE AMERICAN SE Market Value Index was off 0.17 to 153.98.

CANADA—Movements were mixed in fairly active trading yesterday morning, when the Toronto Composite Index rose 1.6 to 1433.6.

The Metals and Minerals Index moved up 10.3 to 1278.8, and Golds 10.4 to 1,856.5, but Oil and Gas shed 5.4 to 2,284.9, Utilities 2.3 to 221.86, Banks 1.15 to 306.86 and Papers 0.30 to 157.82.

The Inco rose 2 to 325 and Canadian Occidental 2 to 336; their joint venture reported favourable uranium assay results in Northern Saskatchewan.

PARIS—Steady in quiet trading.

Constructions and Oils firmed, Motors, Metals and Chemicals declined, Electricals and Department Stores mixed.

St-Amandet Sa Rose Frs 9 to 1012 on increased 1978 profits, and Maitra Sa firmed Frs 10 to 5770 on sharply increased 1978 net parent profits.

Foreign stocks mostly mixed, with Platinum showing marginal gains.

BRUSSELS—Mostly higher in moderate trading.

UK and Dutch stocks higher, Germans, French and Canadians mixed, U.S. steady. Gold Mines higher.

SWITZERLAND—Mixed with a higher bias in moderate trading.

Banks narrowly mixed, Financials drifted lower in light volume.

JOHANNESBURG—Gold shares firmed on both local and London demand in line with bullion indications.

Mostly harder in quiet trading, with Platinum showing marginal gains.

INDUSTRIALS better. Premier Milling up 15 cents to 85.70 in further consideration of results.

TOKYO—Higher in trading although late profit-taking pared initial gains. Volume 550m shares.

Many shares rose initially on Japan-U.S. Summit Talks.

Large Capital issues, Chemicals, Non Ferrous Metals and Shipbuilding closed mixed.

Export-Oriented Electricals, Cameras and Vehicles lower, reflecting yen's recovery in Tokyo.

AUSTRALIA—Slightly easier but selected Minings and Industrials made gains.

Bougainville Copper firm, heavily on record profit forecast for MIB, but MIB lost 8 cents to A\$330 on profit-taking.

Banks mixed with NSW rising 10 cents to A\$3.65 and National 7 cents to A\$2.45. The ANZ edged 2 cents to A\$4.43 and Adelaide 5 cents to A\$1.43.

Other Metals and Minerals mostly mixed.

Other Metals and Minerals mostly mixed.

Other Metals and Minerals mostly mixed.

Indices

NEW YORK—DOW JONES

	1979							Since Compl't'n		
	May 5	May 4	May 3	Apr 30	April 27	Apr 26	High	Low	High	Low
• Industrial	837.58	858.51	865.61	854.49	866.64	868.67	878.78	887.00	1081.70	41.25
• Home Bldg	82.58	81.53	81.62	81.53	81.83	84.01	85.00	85.55	111.73	12.45
Transport	228.64	227.88	228.30	229.06	230.88	231.84	232.25	232.78	273.69	72.25
Utilities	100.61	100.65	100.81	100.98	101.18	101.71	104.54	99.18	185.33	10.58
Trading vol, 000's	36,565	36,460	51,150	20,560	23,878	33,828	32.11	30.11	65.74	10.58
• Day's high	863.32	low	852.74							

Quok enters battle for Charlick

By James Forth in Sydney

QUOK the diversified Malaysian group, has emerged as a surprise bidder in the contest to acquire William Charlick, the South-Australian-based flour miller, shipping, timber and transport concern—with an offer valued at A\$12.2m (U.S.\$13.6m), against the A\$8m at which Southern Farmers opened the battle last month.

Operating through its local investment company, Rascos, Quok is offering A\$2.25 cash for Charlick shares.

The bid tops offers from the Australian concerns, Southern Farmers Holdings and Burns Philp and Co., which had been battling against each other for control of Charlick. Southern Farmers and Burns Philp have, between them, made four offers so far, and Southern Farmers had announced that it was considering yet another bid to put ahead.

Southern Farmers, which already holds 28 per cent of Charlick, started the auction with an offer of A\$1.50 a share, but was topped by Burns Philp offer of A\$1.75. Southern Farmers then went to A\$1.88, but Burns Philp countered with A\$1.90.

The Quok Group, which has interests in Malaysia, including sugar, shipping and commodities, already controls, through several associated companies, about 18 per cent of Charlick's capital. Moreover, Charlick and Quok are associated in a flour milling venture, Federal Flour Mills, in Malaysia. The mill, which was set up with Charlick and Quok funds, is 50 per cent owned by Charlick, while Quok owns the majority of the remaining capital.

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Bastogi capital rise may involve new shareholders

By RUPERT CORNWELL IN ROME

SHARES in the leading Italian financial group Bastogi jumped by almost 6 per cent on the Milan Bourse yesterday, after reports—neither confirmed nor denied by Bastogi—that a U.S. concern will become a significant stockholder following a substantial increase in capital.

According to the reports, Bastogi president Sig. Alberto Grandi is planning to announce a 1,000m (\$113m) capital increase from the present 1,500m. Part of the new stock will be taken up by the as yet unidentified U.S. buyer representing a major industrial corporation.

Bastogi officials confirmed last night that negotiations are at a very advanced stage with an unnamed party, and that details may be made public within the next week or so. However, they disputed the alleged size of the capital increase, although they con-

ceded it would now be substantially greater than the 1,200 originally envisaged. They suggest that the size of the foreign holding could be in the range of 5 to 10 per cent.

However, the caution exuded by Bastogi did nothing to dampen speculation that major moves by the financial company are about to be finalised. According to Bourse sources, these may involve its purchase of certain interests of the group headed by Sig. Antonio Monti, the financier, including the largest Italian sugar refining concern Eridania.

Bastogi shares climbed yesterday in active trading to close at L.767, up L.42 on the session, while Eridania reached L.825, representing an advance of over 10 per cent during the past week.

Significantly, Rascamenti, the master company of the group of Sig. Carlo Pesenti, who is also

the largest single stockholder in Bastogi, also climbed sharply. In the last week shares in Rascamenti have risen by exactly 25 per cent to stand at L.17,750.

It was confirmed yesterday that Sig. Pesenti has now begun to comply with the request of the Bank of Italy for the elimination of crossholdings within his group, which embraces banking, insurance and industrial interests.

Sig. Luigi Ciccarelli, president of Banca Provinciale Lombarda, controlled by Sig. Pesenti, declared that the L.100m loan made by the bank to enable the latter to ensure control of his group had now been repaid.

Moreover, Bourse reports that the share exchange offer designed to make Rascamenti, the financial holding company 100 per cent owned by Rascamenti, the new cornerstone of the Pesenti empire had been completely successful.

French bank to be wound up

By David White in Paris

A FRENCH bank specialising in property promotions and loans, Banque de l'Union Immobilière (BUI-UIP), has filed for bankruptcy after failing to find a French or foreign partner to bail it out in the face of mounting losses.

However, creditors have agreed on an arrangement whereby Credit Agricole, the State-directed farmers' bank, will manage BUI-UIP's assets and liabilities, while the latter will take over responsibility for refunding the bank's depositors, mostly real estate promoters, whose deposits amount to about FF 125m.

The volume of outstanding loans made by BUI-UIP in the last few years was estimated at FF 800m (\$125m). Most of this was financed by loans from other banks, the largest creditor being Credit Agricole.

The bank's failure came after some 18 months of attempts to find a partner to take over its assets. The bank, founded in 1962, had not paid a dividend since the start of the slump in the construction industry in 1974.

In 1976 it showed net losses of FF 11m. These rose to FF 25m in 1977 and a further loss of FF 15m was reported for 1978.

The principal creditors are believed to have continued pumping funds into the business under guidance from the French Treasury.

When BUI-UIP's foreign negotiations failed, proposals were made for a direct takeover by Credit Agricole, but the farmers' bank did not obtain the conditions it required.

The BUI-UIP announcement said that two finance companies under its control and quoted on the Paris Bourse would not be affected by the bankruptcy proceedings and that management of these would be transferred to other establishments.

Fairchild Camera rejects \$300m Gould takeover

By STEWART FLEMING IN NEW YORK

FAIRCHILD INSTRUMENT and Camera yesterday formally rejected the \$300m takeover offer for the company proposed by electronic equipment manufacturer Gould and immediately began to prepare to defend itself against a hostile bid.

Following a board meeting in California on Thursday night, Fairchild said that the Gould offer of \$34 a share was inadequate, alleged that the merger would violate anti-trust laws and said that it would open legal proceedings in Delaware to protect its shareholders from a hostile offer.

Gould itself had no immediate comment on the Fairchild decision. Gould leaders, however, that Gould expected rejection of its initial bid and that it has already prepared itself to press ahead over the opposition of the Fairchild board.

Fairchild's shares were active on the New York Stock

Exchange, rising 81 to \$337 on the news. Speculative positions have already been taken in Fairchild stock in anticipation of a takeover battle which could see a rival bidder emerge to acquire Fairchild or perhaps bring an improved offer from Gould.

Fairchild itself began reinforcing its defences with a forecast from the company chairman Mr. Wilfred Corcoran that sales and earnings for the year would continue strong.

First quarter earnings for the company rose from \$5.7m to \$7m but the increase included a one time payment of \$1.2m settlement patent cost.

Mr. Corcoran said that sales of both semiconductor products and electronic equipment grew significantly in recent months compared with a year ago although volume decreased moderately from the fourth quarter of 1978, partly as the

result of discontinuing digital watch operations. The group, whose first quarter backlog of orders amounted to 65 per cent from the same period last year, said it expects record sales in the second quarter. In the 1978 second quarter, sales were \$127.5m.

Fairchild added that its first quarter performance indicates that sales and earnings will be strong for the remainder of the year.

Capital spending in 1978 is projected to more than double to \$55m, up from \$32m last year.

Mr. Corcoran has requested the Federal Securities Commission to begin an investigation into the conduct of Edgar Equities, a New York City-based investment adviser, for the period beginning April 1, 1978, and continuing to the date of the bid by Edgar.

IHC Holdings in the red

By Our Financial Staff

PROVISIONS AGAINST its shareholding in IHC Holland, the Dutch dredging and specialised shipbuilding and repairer, IHC Holdings, into the red for 1978.

The company reports net profits down from Fls 15.3m to Fls 9.3m (\$4.8m) for the year with losses of Fls 30.1m emerging following a provision of Fls 40m against the near 46 per cent shareholding in IHC Holland.

The investment in IHC Holland now has a balance sheet value of Fls 17.2m compared to the Fls 57.2m shown prior to the provision. IHC Holdings is "hopeful" that the downward revaluation will be enough to cover all future losses over the period of IHC Holland's transitional restructuring.

IHC Holdings expects a net profit this year but "it is difficult to say whether it will exceed last year's Fls 9.3m."

IHC Holdings had a Fls 13.4m profit from its participations and interest receipts last year. IHC Holdings hopes to pay dividends from now on based on results. The dividend for 1978—Fls 1.33 cash—is based on a continuation of the 1977 dividend policy and represents the last transitional year for dividends.

Email plans debenture for absorption of Kelvinator

By OUR SYDNEY CORRESPONDENT

EMAIL, the Australian electrical group, which recently acquired 50 per cent of another white goods company, Kelvinator Australia, expects to raise finance for the takeover of the remainder through a private debenture issue. Mr. P. H. Finley, the chairman of Email, said at yesterday's annual meeting.

Mr. Finley declined to give an indication when the promised offer for the remainder would be made, but said that the company did not expect to approach shareholders through an issue for cash.

Email ended up with a 50 per cent stake in Kelvinator after a sharemarket battle with white goods company, Simpson Pope, during which prices reached a peak of A\$2.82. Email's average price for the 50 per cent stake was A\$2.23, while it paid A\$2.30 a share to Simpson Pope for an 18.5 per cent shareholding.

Under stock exchange listing requirements, Email must match the highest price paid if it extends an offer within three months of its purchases, unless it obtains stock exchange dispensation.

Higher orders at Brown Boveri

By ADRIAN DICKS IN BONN

Brown Boveri of Cie AG (BBC), the West German branch of the Swiss-owned electrical engineering group, will propose at its June 20 annual meeting a DM8 dividend per DM 50 share for 1978, the same as the previous year. With the tax credit, West German shareholders will

receive DM 12.50 per share. The company said yesterday that new orders and sales during the first three months of this year were up from 1978, though it did not release figures. In part, this was the result of the consolidation of CEAG, a medium-sized utility concern,

MARKET REPORTS

BASE METALS

COPPER—Sharply lower in morning's trading on the London Metal Exchange. A decline in the price of the metal to the day's low of 155.50 on the LME, followed by a recovery to 156.50, a fall of 241 a tonne on the week.

The lead market was steadier, however, in view of the strike planned for next Monday by the 4,700 workers at Cominco's lead-zinc facility at Trail, British Columbia, which is expected to be followed by a breakdown of talks on a new contract to replace the old one which ended on April 30.

Three months lead was \$6 lower on the week.

Tin yesterday made good some of the losses incurred earlier in the week on expectations of a decline in LME stocks and delays in the arrival of new supplies.

Cash standard grade metal, up \$100 yesterday, ended the week \$40 a tonne lower at \$7,500. The three months price, up \$15 a tonne the day before, was still \$70 lower than the previous Friday's close.

World sugar values edged higher. After slipping to 295 a tonne on Monday the London daily price ended the week \$1.5 up at 298.5 a tonne.

But dealers said the market remained very quiet. News of a Dominican Republic sale of one cargo (about 10 tonnes) of white sugar and a rumour that Iran had bought between six

COFFEE

and nine cargoes encouraged the firmer tone.

Some observers thought last week's news of progress on U.S. sugar legislation was still encouraging buyers. However, others said the influence of this factor appeared to be diminishing.

Following a 231 fall yesterday July delivery ended the week \$23.5 down at \$1,573.5 a tonne on the London futures market.

The recent upsurge ran out of steam on Tuesday after lifting the July price to \$1,652 a tonne at one stage. Dealers said the trend was reversed following the emergence of hedge selling against purchases of Ghanaian and Brazilian coffee earlier in the week.

News that Brazil had raised its minimum coffee export price and export tax failed to stem a decline which pushed the July futures position down to \$1,546.5 a tonne at one time.

The Brazilian move, which added 10 cents to the minimum at 145 cents a pound and raised the tax to \$75 from \$50 per 60 kilo bag, had been widely anticipated in the market and had no impact on prices.

Coffee prices staged a modest rally yesterday as dealers renewed their hopes ahead of the long weekend break. The July price gained \$17.5 a tonne to end the week \$15 lower at \$1,564 a tonne.

COCOA

Cocoa futures eased throughout the day due to Commission House liquidation and a decline in Thursday night's levels, reported Gill and Duffus.

Cocoa prices were lower in the morning's trading on the London Cocoa Exchange. A decline in the price of the metal to the day's low of 155.50 on the LME, followed by a recovery to 156.50, a fall of 241 a tonne on the week.

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COMMODITIES/Review of the week

Renewed boost in nickel market

By OUR COMMODITIES STAFF

USHR BUYING, prompted by a Le Nickel producer price increase announced on Thursday, boosted the futures price of the London Metal Exchange a further £110 a tonne yesterday.

The three months position, the only one traded at present, saw this new market, closed at 245 a tonne, up 236 on the week.

There were no reports of new producers following the Nickel lead, which put its bid price for refined (melted) metal up 25c to \$2.85 a unit, but the future rise was "encouraged by the continuing strike at Inco's plant Sudbury, Ontario."

A supply shortage has been reported because of the 7-month dispute at Sudbury which normally produces about per cent of Inco's total output.

Talks on a new contract concluded during the week under the aegis of a "black-out" on news by contract, because of the rise in base metals fell in yesterday's trading session, shortened some of the holiday week's copper futures prices, which had been sharply upended on the likelihood of a Conservative election victory.

The decline was halted, however, on operations a further fall in LME was seen.

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The dream of becoming the Middle East's 'breadbasket' fades Sudan's euphoria gives way to economic austerity

BY JAMES BUXTON

THE OIL EMBARGO the Arab states imposed after the 1973 war with Israel did not frighten the industrial countries alone: the oil states themselves started to worry about the possibility of a western embargo on one of their essential imports, food. The idea caught on of making one Arab country, Sudan, into a major food supplier to the rest of the region. It may be underdeveloped, but the country has plenty of water, sunshine, and good soil.

Aid and commercial investment both for the slender transport system and for agriculture itself would, it was reckoned, transform Sudan from food importer into large scale exporter by the mid-1980s. An Arab Authority for Agricultural Development and Investment was set up to co-ordinate aid and investment and to complement the efforts the Sudan government was already making to develop the country. As enthusiasm for Sudan grew in the Arab world and in western countries, it became known, prematurely, as the "breadbasket" of the Middle East.

Now the euphoria is over. Last summer the Sudanese Government, with arrears on external payments of almost \$380m and a prospective balance of payments deficit for the current financial year (ending in June) of \$400m, had to devalue the Sudanese pound by 20 per cent. Development spending has been held down as part of harsh austerity, and virtually no new projects are being started. Foreign exchange is still so short that oil can only be imported as and when the money is available, and the Government is trying to arrange a three-year Extended Fund Facility with the IMF.

The Sudanese and the rich Arab states are both disillusioned with each other. The rich Arabs call the Sudanese idle, incompetent muddlers, and are called tight-fisted in return. One does not hear the word "breadbasket" so often now. The concept is still feasible, but will take longer than was originally envisaged. For the moment Sudan is working hard to increase its export earnings and has a good chance of doing so. But for the longer term many Sudanese are beginning to have doubts about the whole idea of the breadbasket. It was, they recall, conceived primarily as a solution to other people's problems, not their own.

The economic crisis came to Sudan because it pressed ahead with development spending and heavy foreign borrowing without being assured of the short term support needed to finance the consequent rise in imports. Development spending by the Government increased tenfold in six years, and Sudan's debt (much of it on concessionary terms) rose from \$252m in 1971 to at least \$1.3bn today. Development led to enormously increased imports of non-capital goods, especially oil. Cotton, which formerly met the bulk of Sudan's foreign exchange needs, may this year—admittedly a poor one for cotton—only just cover the estimated fuel bill of at least \$270m. From 1976 onwards Sudan received no programme aid (payments and budgetary support) from its Arab backers, even though they and other aid donors provided at least as much project aid as the country could absorb.

Heavy strains

Yet still apparently believing that Saudi Arabia and Kuwait, his two most important financial backers, would come to his rescue, President Jaafar Mohammed Nimeiri of Sudan pressed on until the strains became unbearable. Heavy government borrowing from the central bank added to imported inflation, and the weakness of the transport system caused agonising physical strains—port congestion and the partial paralysis for lack of spare parts of the railway system. That not only delayed imports, but prevented potential exports getting out. As many as 40 per cent of all locomotives have regularly been sidetracked. Discontent with inflation often caused strikes.

Iraq and Kuwait, Sudan's main oil suppliers, forced Sudan into devaluation and agreement on an economic reform package with the IMF last June by withholding oil until bills were paid, while the Saudis withheld cash. An IMF first credit tranche brought Sudan SDRs 21m (about £18m) while Saudi Arabia made a \$300m cheap loan for payments support.

But Saudi Arabia set off a further supply crisis early this year, of the kind that nearly brought down the government last summer, by paying up only the first tranche of the loan. It

considered Sudan was not negotiating seriously with the IMF for a three year extended fund facility which should bring in SDRs 200m and a further \$600m from the Arab oil states.

However, the latest negotiations with the IMF seem to have gone fairly well, and the Saudis have paid up a further \$30m, promised a further tranche and guaranteed oil supplies. The IMF's seal of approval should help Sudan stave off its Euro-market debts.

The Ministry of Planning and the World Bank have been working out a three-year interim development programme, with more realistic financial and physical targets than the official six-year plan. The aim is to complete current projects, raise production from existing resources, to increase exports and fill crucial gaps in the infrastructure. Several projects started since 1974 are to be completed within the next year or two: they include extensions of the acreage of the new Rahad irrigation scheme for cotton and other crops; the Kenana sugar project, conceived and originally managed by Lonrho, and due to come onstream nearly two years late at the end of this year, designed eventually to make Sudan a sugar exporter. A hard surface road network linking the capital and Port Sudan should be complete by the middle of next year.

A less glamorous but equally essential objective is the revival of older irrigation schemes that have run down: raising output from existing sugar, cement and textile factories; and a further effort to resuscitate the railways, still potentially the best form of transport in a vast country. The emphasis is on pragmatism, financial control and maintenance, after the haphazard project selection, lax spending discipline and sloppy upkeep of equipment in the past few years.

Even so Sudan will still face the most serious problem that has hampered it since the oil price began to rise, a manpower shortage. When Sudan had finally obtained some of the capital it had always wanted, many of its best trained men, from skilled administrators to mechanics and welders, poured out of the country in their thousands to take jobs in Saudi Arabia, Libya, and the Gulf. Some Sudanese officials, when

they take their mind off their immediate problems, are beginning to ask how far Sudan really wants to go towards becoming a large scale food exporter. The experience of the past few years has shown that agricultural exports need to increase very fast indeed to keep up with the rising volume and price of oil imports and the cost of debt servicing. The terms of trade have moved against the agricultural exporter.

When everything the country wants to export and import has to be transported many hundreds of miles at great expense some people are seeing the attractions of an economy less dependent on imports and of developing a set of local centres of production for self-sufficiency. So far the emphasis in development has been on repeating the Gezira scheme—the vast irrigated cotton project built by the British in the 1920s and 1930s. Sudanese have enormous experience of this kind of project but less attention has been devoted to the fertile rain fed areas of the west and the south, where subsistence farming is often in decline.

Small schemes

A number of relatively small schemes for improving traditional agriculture in these areas are getting under way and the new trend can be seen in the somewhat drastic steps for devolving the power of several key ministries to the provinces which President Nimeiri suddenly announced in February.

Perhaps the most telling sign that the breadbasket dream has faded is the fact that the Arab Authority that was once expected to handle about \$5bn worth of aid and investment over a 10-year period from 1976, has yet to commence any projects.

Though nearly 30 per cent of its \$550m capital has been paid up it does not, as was originally envisaged, have the authority to co-ordinate the bulk of Sudan's foreign aid and blend it with commercial investment. Nor does it have the full supranational powers originally thought essential to by-pass Sudanese bureaucracy. Six years of decidedly mixed experience with large Arab aid has left Sudan determined to run its economy, for better or for worse, in its own way.

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BOOKS

Eye on Isherwood

BY C. P. SNOW

Christopher Isherwood: A Critical Biography by Brian Finney. Faber and Faber, £8.50, 336 pages

Mr. Isherwood has written, often and exhaustively, about his own books and his picture of himself. Very few writers have remained so interested in the myths they created in youth. As a girl, Charlotte Brontë was an enthusiastic myth-maker, but she threw all that away when she grew up. Admirers of Christopher Isherwood have devoted themselves to this pre-dilection of his, and there is an unusually large literature on the subject. There doesn't seem to be much detached criticism of his work, nor of its relation to his life and attitudes. Now Mr. Brian Finney has made an honourable attempt at a critical biography.

It is an honourable attempt, but nothing like a final word. Of course, it couldn't be. Critical biographies of writers still living are bound, at the best, to be sighting shots. Mr. Finney has many virtues. He is both thorough and intelligent. Although he is saturated in Isherwood's work and deeply affected by his personal aura, Finney has struggled manfully to preserve some kind of independence. He is not inexperienced, and sometimes shows a robust scepticism. He is about 70 per cent of a hero-worshipper, but he has written more sensibly than other hero-worshippers, and his book has value.

He has one important disqualification. Himself, he writes both awkwardly, which doesn't matter too much, and imprecisely, which does matter especially when dealing with Isherwood, whose precise and subtle use of language is the major incontestable aspect of

his art. This deficiency of Finney's oughtn't to blind us to his merits, but it does jar on one throughout the book. "Two examples out of many." The only unpublished story in the canon, *The Railway Accident*, wasn't written by Isherwood until 1928. "They left Holland for the Canary Islands having had insufficient time to catch a boat to Tahiti where Isherwood most wanted to go, because of French formalities." Isherwood couldn't attach a clause in the wrong place, even if he tried.

To bring off what Isherwood does best, which is the drawing of what he calls dynamic portraits, Isherwood's language is beautifully adapted. It was a natural gift, and he has developed it with conscious skill. The words aren't fuzzy, the rhythms are light, lively, not exactly those of spoken speech, but suggesting spoken speech. It is a style which fits hand in glove with Isherwood's wit, dispassionate, affectionate humour. There is no strain, when he is writing like that.

Judging, just letting nothing come between him and the portrait. Then he is a minor master, and at his very best, in perhaps three books, something more than that. This personal language, though, has its dangers. When it is not completely under control, it can slide into tiresome playfulness or the prop school giggling, more pre-adolescent than adolescent proper, which was a distasteful chorus-noise of his whole circle. More significant, it wasn't a language suitable for purposes other than the one which was his natural game. For other tasks, he seems to have walked into a room, longed for a cigarette, and then, when he was alone, he would write. But he wanted to be a strategic master also, for

which both his style and his temperament singularly unfitted him. Time and time again he started off with gigantic concepts, more suited to Tolstoy than to himself. He would have liked to write a great panoramic novel about Europe in decay. It was about as appropriate for him as trying to write *Paradise Lost*.

He had little instinct for what he was born to do. He made more boss shots and false starts, right into late middle age, than almost any writer of comparable quality — though, being both dextrous and self-critical, he usually knew that he was going wrong. He was a miniature artist of exceptional talent. He did some things superbly well. Yet he would indulge himself with plans of metaphysical and religious exposition.

It may have been a pity that he can into so many impressive charlatans in California. He had his own delicate intuitions, but he didn't pretend to be an intellectual. He was a push-over for characters like Gerald Heard, Aldous Huxley ought to have been able to guide Isherwood, but Huxley, who had abnormal sweetness of nature, was also, of all highly intelligent men, the most credulous that one could meet in a day's march. An atmosphere of limitless credulity was the right one for Isherwood. He did better in harder-minded company as with Upward and Auden.

But there was a deeper reason why Isherwood's earlier books showed his talent at its finest — *Mr. Norris Changes Trains*. Goodbye to Berlin. *Prater Violet*. The reason is a singular one. It sounds like a pun, but it is a pun. Isherwood, the climate of society became more permissive. That is, the time came when he could write with maxi-

mum openness about homosexuality. He wanted to. He did. It did his art much harm.

A lot of us have come to accept Mrs. Patrick Campbell's bracing dictum, that she didn't mind what others did (in bed) so long as they didn't frighten the horses. It goes without saying there are as many varieties of homosexual temperament as there are of heterosexual. Witness the ironic utterances of Gore Vidal. But as the climate of permissiveness took charge, one variety prominent among writers, given to crusading zeal, did set about frightening the horses. They did that by writing inordinately bad books about their own sexual performance. The tone of the writing in some such books was soppy, in some cold-hearted, and in some others both together, which is not a happy combination.

It has been an odd manifestation — that writers of talent and usually amiable character should make such a fuss about themselves. Nevertheless, Forster, Ackerley, Dribberg, and recently Isherwood, have all been impelled to do so.

An older generation of writers were luckier. If they had felt impelled in that fashion, they would have had to find some kind of evasion, as Maugham did through most of his writing life. It didn't need super-human perception to gather a hint of his predilection; but the combination of his stern and stoical mind with the subdued semi-reticence gave a characteristic depth and fascination to his art. And can anyone think of the horrors if Proust had had the liberty and the inclination to make the narrator of his great story an active homosexual?

Probably Proust and Maugham would have shown better judgement than Isherwood and the



Isherwood: perils of freedom

others, if they had been writing in our time. They wouldn't have been so willing to regard literature as just the public relations department of gay life. It is very difficult for writers to be as missionaries and remain good writers. When Isherwood was compelled to be discreet he produced dazzling

effects in the fluid, elusive Herr Issyoo. When he was set loose, he could write *Christopher and his Kind*. The comparison is depressing. However, he has left three or four books which will last well into the next century, by which time his missionary exploits will have been forgotten.

End of a tyrant

BY GEORGE MALCOLM THOMSON

The Berlin Bunker by James P. O'Donnell. Dent, £6.95, 317 pages

To Kill Hitler by Herbert Molloy. Mason, £6.95, 303 pages

First of all, any idea that the infamous Martin Bormann is alive and well and living in Paraguay can be forgotten. In an attempt to break out from Hitler's Bunker, he and SS Colonel Stumpfecker died on a bridge that passes over the main trunk railway lines into the Lehrter railway station. Their bodies were seen there by Arthur Axman, Hitler Youth leader, and Major Weitzel who were at that time trying to make their way out of the ring of Russian troops round the centre of Berlin. Neither Bormann nor Stumpfecker had been shot; neither was breathing. Both, it seemed, had taken poison.

Twenty-seven years later, workers uncovered two skeletons within a few feet of the site of the bridge. One was very tall (Stumpfecker was 6 ft 6 in), the other short. Splinters of glass cyanide capsules were found in their jaws. From dental records, the police identified Bormann and Stumpfecker. And so, if any credence at all is placed in the evidence, that was the end of the man who was Hitler's most trusted comrade.

He was one of the inmates of the Bunker during the final, macabre phase of which O'Donnell gives an engrossing record. The main lines of the story have been clear ever since Trevor-Roper's classic *The Last Days of Hitler*, but O'Donnell, tirelessly searching and diligently piecing together, has produced an account, containing some things that are surprising and a great deal that is fresh.

The Bunker was not even efficient as a nerve-centre for the last headquarters of a once mighty empire. Its switchboard was inadequate; its operator not a professional. The result was that Hitler, in the last days of his life, received his world news round-up from BBC broadcasts. The brave young men — many under 16 — who were wounded defending the Bunker were operated on by a doctor without surgical experience, who, as he was advised by a surgeon too weak to stand, "Medical supplies ran out and were replenished by raids on Berlin hospitals — which provided nightmarish glimpses of life — if life is the word — in the city; screaming women, dying men, shells pounding the rubble of Berlin into smaller rubble, and the stream of incoming Russians."

One of the doctors met Hitler in the Bunker, the very day that he was a victim of Parkinson's Disease, with, at the best, only a year or two to live. By that time, the Führer had only a day or two to live. One of the

most extraordinary memories of those extraordinary days is that of Hitler and a companion playing war games with armies that existed only in his imagination. Could nobody have ended the grisly farce of the Bunker and, perhaps, the war?

Albert Speer, Minister of War Production, thought of inserting poison gas into the ventilation system but the first gas, Tabun, turned out to be unsuitable and, by the time he got a supply of mustard gas, Hitler had installed a chimney which would have taken the poison gas out of the Bunker.

Speer was, he says, "relieved" by the failure of his plan, if it can be called a plan. Naturally, Speer is not popular today with the survivors of the Bunker whom he would have sacrificed along with Hitler.

One of the planes out of Berlin before the last days carried half a ton of records of Hitler's ineffable Table Talk. It was shot down in Bavaria and it would be pleasant to think that this monument of boredom (if we may judge by the records that have survived) has been lost for ever.

But, as O'Donnell gloomily points out, paper does not burn easily. The document may yet turn up in some Bavarian haystack.

Probably none of the people in the Bunker were completely sane: either they were drunk, drugged or unhinged by the catastrophe in which they were involved. Magda Goebbels rejected all the projects to put her into the hands of the British who, it was agreed, could be counted on to behave like gentlemen. She stayed with her devoted husband and killed her children ("too good for this bad world") before killing herself. She was, perhaps, in love with Hitler and jealous of Eva Braun.

Is there any cheerful note in this ghastly story? For me, it is provided by the little baker in the last headquarters of a once mighty empire. Its switchboard was inadequate; its operator not a professional. The result was that Hitler, in the last days of his life, received his world news round-up from BBC broadcasts.

It is impossible not to feel compassion for most of the Bunker's inhabitants: they paid a terrible price for their surrender to Hitler's fatal charisma. But it is hard to extend pity to the high Nazi functionaries, a vicious gang of criminals worthy of their Leader.

As horrific as the Bunker story is the account of the terrible vengeance meted out by Hitler to the conspirators who failed to kill him at Rastenburg in 1944.

Herbert Molloy Mason tells the story of the virtuous assassinations and of Hitler's unceasing instinct for survival. Much of the story has been told before but Mason has written a narrative of grisly fascination.

KATE MORRISON

Yoni, Hero of Entebbe by Max Hastings. Weidenfeld and Nicolson, £6.95, 240 pages

Col. Yonatan Natanyahu — Yoni — was only 30 when he was killed leading Israel's strike force to free the hostages of an Air France Airbus from terrorists at Entebbe Airport on July 4, 1976. He was perhaps the foremost Israeli commando of his generation. He had been one of the group that killed Yasser Arafat's deputy in Beirut in 1972. He had led the Israeli force which captured a group of Syrian generals inside the Lebanese border.

As a young officer in the Yom Kippur war, Yoni stormed the Egyptian guns at Um Katef, opening the way into Sinai. In the wake of Entebbe, his name became known around the world as a symbol of Israel's valour and sacrifice.

Max Hastings vividly re-creates his story — that of a young man struggling to determine his own destiny and that of his country.

JOHN DUNSTAN

Fiction

Sparkish stuff

BY ISABEL QUIGLY

Territorial Rights by Muriel Spark. Macmillan, £5.95, 240 pages

Southern Cross by Terry Coleman. Hutchinson, £5.95, 445 pages

Night Tennis by Annabel Davis-Goff. Hutchinson, £5.50, 288 pages

Venice, aqueous looking-glass-land in which reality shimmers and changes like the changing light, is a suitable setting for Muriel Spark's translucent world of the imagination and for the behaviour of her people, engagingly preoccupied with things nefarious. Below

the waterline all sorts of things may lurk, and Mrs. Spark skims over them, stealthily as a good-doll, fast as a vaporetto.

The scenery as she passes is delightful, grey and pink, ochre and blue, into a recent, theatrical, small-scale, a menace and a treat. Best to stay in England listening for the telephone, like Anthea, whose headmaster husband is in Venice with the school cookery teacher, pursued by the school matron; or to become involved, like her son Robert, in things on a larger scale. "I'm a talent scout," someone says to him. "You two got everything. You've got style. You can make the top." "As a result of this meeting," Mrs. Spark tells us,

"Robert and Anne were sent to the Middle East to train in a terrorist camp." The lunacy of modern life gives her plenty of scope for such laconic remarks: defectors, dismembered bodies, international spy-rings all peppered with the antics of loquacious innocents let loose from school. It is the quality of this imagination that makes for the quality of this novel — of any Sparkish novel: the peculiar Sparkishness, inimitable, chilling, controlled. Every phrase has the stamp of originality, of a particular mind, and this is what sets the writing apart: not so much its quality (which is, on the whole, high in this one) as its oddity, its uniqueness. I say this to contrast it with the other two novels I have to review, both very good of their kind but imitable, recognisable, in a genre and a tradition. Throughout *Territorial Rights* Anthea reads a novel at bedtime, and a paragraph or two of it rounds off a chapter here and there. It is scarcely parody; I read several just like it each year: the flat-reality novel of domestic doings. How different, how very different, from the homelife of Mrs. Spark's Venice! But the opalescence she achieves there is Sparkish, rather than specifically Venetian.

Southern Cross is a long historical novel about Australia from the early convict settlements at Botany Bay to the middle of the nineteenth century. It includes a good many real people and real events, some terrible, some heroic; in other words, its formula is that of many other historic novels. But its quality is much higher than most. It is intelligent, warmhearted, highly readable; it says things about the human condition, not just in these particular circumstances: about love and suffering, memory, regret, loyalty. And it achieves the difficult feat of interweaving the real and the invented without seeming to strain either. This is what historical novels try and often fail to do.

Its heroine, Susannah, daughter of a governor of New South Wales, lives through it from first to last. She bears a child to a Frenchman, who dies of fever before they can marry; later marries an ex-convict who prospers, partly on her money. The son of the first man becomes a lawyer, battling to save his mother's servant who escapes with her two small children in an open boat and gets right round the world (as happened, in fact). The son of the second man repudiates his mother and

all she stands for, as his father bids of the Bunker, a peppy but goodhearted man sent out to govern the new colony, is one of Susannah's friends. Much of the story is fascinating as plain fact, but its literary quality takes it out of the class of mere documentary.

Night Tennis is a first novel of extraordinary smoothness and accomplishment, the greatest fun to read and full of solid stuff on film-making, moves between Hollywood and London and seems to get the best of both worlds, being knowledgeable about both and suggesting, through its heroine, insouciance while living in Hollywood, and outsidership in a well-observed London. Julius is a film director, just starting on her first film; her husband, a fairly big wheel in Hollywood. Just before her forty-third birthday she meets and falls swooningly for a beautiful twenty-year-old boy called Nick, upperclass English and highly promiscuous.

Their affair is described with a good deal of tenderness, some irony and on the whole a fair grip on reality. The moral seems to be that such things move away from home but once you get back they don't. Since home is Hollywood there's a nice irony in the fact that it is spelt, not glamour and high living, like London, but domesticity and family ties. The pains and pleasures of making the movie are shown beside the ravages made by feeling; and the everyday qualities of family life beside the piercing beauty and mysteriousness of the boy Nick. An excellent mainstream beginning.

Pin-up people

BY RACHEL BILLINGTON

Sophia, Living and Loving, Her Own Story by A. E. Hotchner. Michael Joseph, £5.95, 216 pages

Mommie Dearest by Christina Crawford. Granada Publishing, £5.95, 282 pages

Books about film stars have an obvious market value. Whether they offer more depends on how far the author dares to draw aside the glittering veil of a famous name and the famous names around it and examine the feet of clay beneath. Since the name dropping element is the raison d'être for the book this is not an easy decision. Both *Sophia* and *Mommie Dearest* more or less manage to balance glitter and clay though for quite different reasons.

Sophia, the story of Sophia Loren, alias Sofia Scicolone, alias Sofia Lazzaro, has two advantages. First, it is written by a competent self-exposed "ghost" who has had the good idea of inserting paragraphs of commentary by people other than his heroine. Sister, sister, husband, all enter at appropriate moments, breaking the inevitable monologue. Second, our star, though reaching peaks as high as any, started from a low so dramatic that for her most searing film. Two *Womans*, she was able to draw from her own experience. In brief, she survived a fatherless, poverty-stricken childhood in the small seaside town of Pozzuoli, a gruesome war-time life in Naples, and then a further few years in Pozzuoli when if possible her beloved family were even more destitute. One of Hotchner's best finds is an entry in a C.I.A. diary which visited the Scicolones at this time for a social afternoon. Later this G.I. arranged for a chapel service to be removed from Sophia's chin by the American army doctor — despite noting that her mother had all the good looks.

This gets the book off to an interesting start and the momentum carries through Sophia's early film-obsessed Rome and to her meeting with Carlo Ponti at the age of 16. One standard is achieved, game-dropping takes over, despite all Hotchner's efforts. Then there's little left to say except that Miss Loren seems a nice hard-working, home-loving woman; who fought valiantly to get the husband her mother never managed and to give birth to two much wanted sons.

Christina Crawford has the more familiar backdrop of Hollywood and environs for her story but benefits from a sensationally awful heroine in her mother, Joan Crawford, generally speaking a single woman, adopted four children — for publicity purposes as much as anything. She tortured all of them but Christina, as the eldest, came in for the full force of her twisted nature. Torture is not too strong a word for treatment which included beatings, imprisonment, forced labour, isolation and constant mental cruelty. With terrifying clarity, Ms. Crawford shows how she was trapped in this nightmare which would have made a good subject for one of her mother's later films. At one point, her mother, having given her a black eye and other abrasions, called in a juvenile officer to deal with her rebellious child. The officer, despite the obvious evidence of Christina's beating, told her that since she was a minor she must simply learn to get on better with her mother, or he would have no choice but to take her to Juvenile Hall as the great Joan Crawford commanded.

No-one, it appeared, except her boarding school teachers from whom she was eventually banished, believed the child's story against the mother's. The star system prevailed even in the home. If this is the sad moral of the story, the happy one should be that in time mother and daughter found true love. And Ms. Crawford tries to tell us this so. Her mother loved her despite everything. Despite the final humiliation of being cut out from her will. Drink was to blame. Stardom was to blame. Unfortunately she is unlikely to convince anyone but herself.

After all, we have the evidence of Miss Loren's life to prove that Beauty doesn't have to be a Beast.

Biggs Prize

For the first time Mrs. Jane Ewart Biggs is to be one of the judges for her husband's memorial prize, Christopher Ewart-Biggs, British Ambassador to Ireland, was assassinated in 1976. The annual £1,500 literary award goes to a book which best promotes his aims for peace in Ireland and European co-operation.

Caesar's wife in Canada

BY COLLEEN TOOMEY

Beyond Reason by Margaret Trudeau. Paddington Press, £5.50, 256 pages

"The woman who gave freedom a bad name" as Margaret Trudeau is known in some circles has let all hell loose — again. Most probably in the same, naive-looking way as she has approached life in the past eight years beginning at the age of 23 when she married the Prime Minister of Canada.

Her candid account of life with Pierre Trudeau has now been published in Britain — but not before unleashing it on the Canadians and Mr. Trudeau

himself who has been fighting one of the most important political campaigns of his life.

But Mrs. Trudeau has never been one to hold back as her book well shows. (The title is hers, because, she was quoted as saying "that's what they say everything I do, is, don't they?")

In her 30 years she has devised more roles for herself than many of us will experience — or even want to for that matter. Flower child, Prime Minister's wife, jet-setter, photographer, film star, jet-setter and now author. *Beyond Reason* may bring her as much publicity as all her past exploits combined.

It will certainly bring her more money.

In an affidavit filed with the Supreme Court of Ontario in the Paddington Press vs. Henry Champ case, the Daily Express revealed it had invested \$100,000 in its serialisation of the book. It is said that Margaret Trudeau stands to make over \$300,000 from the profits of the book — not bad going compared to her husband's \$37,000 after-tax salary a year.

As Maclean's Canada's answer to Time magazine wrote: "If any of these figures is accurate, it is enough to conclude that by turning her back on a prime

minister and thumbing her nose at Canadian political life, a 30-year-old woman whose intelligence, stability and charm have all become a matter of public debate is having infinitely more impact than she would have had, had she stuck 'around to pour tea'."

Mrs. Trudeau will undoubtedly muster up sympathy from her book, nicely ghosted by Caroline Moorehead, of the Times. After all, she purported to be little more than she was; her husband — attracted by youth and — beauty — should surely have been aware of the pitfalls in taking so young a bride.

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GOLD

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was calculated at 87.8 in the
morning compared with 87.5 at
Thursday's close. At noon it fell

87.1 but recovered slightly at the close to 87.3. Trading elsewhere remained quiet and the U.S. dollar showed very little movement. Against the Swiss franc it rebounded at SFr1.9000 from 1.9005 and SFr1.7210 against SFr1.7220 in terms of the Swiss franc. The yen improved after comments made by the Japanese Prime Minister in the U.S. for the need to maintain a steady yen rate, and the dollar was quoted lower at Y221.0 compared with Y224.80. The Canadian dollar showed a weaker tendency after disappointment following a weaker than expected trade report for March. Gold rose by \$3 an ounce to \$349.348.

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BONDS & RAILS—Cont.

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

AMERICANS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

CANADIANS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

BANKS & HP—Continued

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

ELECTRICAL AND RADIO

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

ENGINEERING—Continued

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

FOOD, GROCERIES—Cont.

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

HOTELS AND CATERERS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

INDUSTRIALS (Misc.)

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

MACHINE TOOLS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

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High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

FOOD, GROCERIES, ETC.

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100	98	British Fund	100	10.5	10.5	10.5
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BANKS & HP—Continued

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100	98	British Fund	100	10.5	10.5	10.5

BEERS, WINES AND SPIRITS

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100	98	British Fund	100	10.5	10.5	10.5

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Yield	Div	Yield
100	98	British Fund	100	10.5	10.5	10.5
100	98	British Fund	100	10.5	10.5	10.5

ELECTRICAL AND RADIO

MINES—Continued[illegible][illegible][illegible]

COPPER									
111	56	Messina RO 50	185	---	---	---	---	---	---
MISCELLANEOUS									
74	54	Baryum	63	---	---	---	---	---	---
132	170	Barna Mine 1750	101	---	---	---	---	---	---
345	345	Cone, Murch.	345	---	---	---	---	---	---
410	340	Northgate CS1	365	---	---	---	---	---	---
362	226	R.T.Z.	362	---	---	---	---	---	---
51	18	Robert Mines	26	---	---	---	---	---	---
890	890	Salvini CS1	23	---	---	---	---	---	---
		Uran. Expts. CS1	712	---	---	---	---	---	---

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and yields are based on latest available data and accounts and figures, available, are updated on half-yearly figures. P/E's are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "gross" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to AET of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the

- ▲ **Stirling denominated securities which include investment dollar premium.**
- **"Top" Stock.**
- **Highs and Lows marked thus have been adjusted to allow for rights issues for cash.**
- † **Interim since increased or resumed.**
- ‡ **Interim since reduced, passed or deferred.**
- § **Tax-free to non-residents on application.**
- ¶ **Figures or report awaited.**
- ¶ **Unlisted security.**
- ¶ **Price at time of suspension.**
- ¶ **Indicated dividend after pending stock and/or rights issue: cover relates to various dividends or forecasts.**

- 1 Not comparable.
- 2 Dividend yield reduced from and/or reduced earnings indicated.
- 3 Forward dividend, cover on earnings upped by latest interim statement.
- 4 Cover allows for conversion of shares not now raising for dividends or dividend only for certain shares.
- 5 Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 6 Excluding a final dividend declaration.
- 7 Historical price.
- 8 No par value.
- 9 Tax free. * Figures based on prospectus or other official estimates. † Dividend rate only or payable on part of shares; cover based on dividend for full capital. ‡ Residuals.
- 10 † Flux yield. ‡ Assumed dividend and yield. § Assumed dividend and yield after strip issue. ¶ Payment from capital sources. † Kerya.

a special payment; b. Indicated dividend/cash relates to previous dividend; c. EYE ratio based on latest annual earnings; d. Forecasted yield; e. Yield based on current market price; f. Yield based on 30% in the L-W yield ratios; for currency choice; g. Dividend and yield based on merger terms; h. Dividend and yield include a special payment; i. Special does not apply to special dividend; j. Based on current market price; k. Based on deferred-C Canadian; l. Midpoint trend price; m. F. Dividend and yield based on prospectus v other official estimates for 1979-80; n. Assumed dividend and yield after pending special dividend; o. Dividend and yield based on prospectus or other official estimates for 1978-79; p. If figures based on prospectus or other official estimates for 1978; q. Dividend and yield based on prospectus or other official estimates for 1979; r. Dividend and yield based on prospectus or other official estimates for 1978-79; s. Dividend and yield based on prospectus or other official estimates for 1976-77; t. Gross; U. Figures assumed; Z. Dividend total to date; 64 Yield based on

Abbreviations: *nd* ex dividend; *ex* ex scrip issue; *w* ex rights; *ex* ex all; *ex* ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London companies of interest to investors.

Albany Inc. 20p	29	Sheff. Refrains	85
Am. Spinning	105	Sindell (Win.)	142
Am. Wire	25		
Boh'v. Ser. Est. 50p	425	IRISH	
Cable Crank	25	Conn. Pw. 80/82	592
Clair & Rowe L.	25	Alliance Gas	103
Clayton L.	25	Am. Gas	47
Draper (L.) 20p	11	Carroll (P.J.)	125
Ellis & McKay	54	Clonaiden	88
File Forge	54	Conn. Pw. 80/82	592
Gen. Elec. 30p	270	Holston (Hodge)	70
Grass Ship. L.	280	Inc. Corp.	210
Higgins Brew.	78	Irish Pipes	105
Holt (Inc.) 25p	26	Irish Pipes	57
Ind. M. S. Co. L.	215	T.M.C.	105
Int. Paper Co.	215		

Industrials					
A. Brew.	7	C.I.	20	Amirev	55
BQC (mt)	6	Imv	9	U.D.T.	17
B.S.R.	8	I.C.F.	40	Utd. Drapery	17
Babcock	8	Imvsk	7	Vickers	16
Bancroft Bank	16	KCA	24	Woolworths	612
Bancroft	30	Legal & Gen.	14		
		Loval & Gen.	14	Prosvty	

B.O.S.	18	Loyals Bank	7	Con. Comities	7
Boys	28	London Brick	7	E.P.	7
Burns (J.)	50	Lumac	1	European	1
Burns A.	22	Luxo Inds.	1	Fin. Secs.	1
Cadbury	5	Mar. & Spnc	1	MEPC	15
Cash	10	Midland Bank	30	Peacery	13
Debenhams	1	N.E.I.	1	Samuel Pears.	14
Dunlop	64	Nat. West. Bank	28	Town & City	2
Electric	21	Nat. West. Bank	28		
E.M.I.	14	P. & D. Warrs.	1	Gills	
Gen. Accident	1	Plessey	1	Brit. Petroleum	70
Gen. Electric	30	R.H.W.	1	Burnish Oil	11
Grand Mer.	32	Shank	25	Chatterfield	1
		Reed Intnl.	1	Ultramar	26

Insurance	24	500	6	
S. R. I.	24	Thomson	22	
Harmer Gold	22	Trent Houses	22	Charter Com.
House of Fraser	15	Tube Invest.	30	16
				27
				27

A selection of Options traded is given on the London Stock Exchange Report page.

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FINANCIAL TIMES

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WOMAN OF THE WEEK

Change of direction

BY ELINOR GOODMAN

MRS. MARGARET THATCHER's main claim to fame in the history books will almost certainly be as the first woman to become leader of a Western country. For all her dislike of "strident women's libbers," she would be less than human if she did not take a certain pride in this achievement. But, though she is not above using her femininity to her advantage, she claims not to regard her gender as an important factor in her political life.

It certainly must have been when she was working her way up through a Conservative party, still dominated by men and with a residual tendency to operate like a gentlemen's club. But once she became leader in February, 1975, she obviously took the view that she had more than proved she could compete on equal terms with men and that her sex was of little more political significance than the fact she was one of a very few science graduates in the House of Commons.



Mrs. Margaret Thatcher
Essentially a meritocrat

Her colleagues did not all find the transition so easy and some are still uncertain how to react to a female leader who, though happy to listen to other people's opinions, tends to lecture her fellow MPs in the manner of an understanding, but firm, headmistress.

A self-described "conviction politician," Mrs. Thatcher is essentially a meritocrat. From what were by the standards of Tory politicians—relatively humble beginnings, her parents encouraged her to "climb the ladder" from a local elementary school in Grantham to Somerville College, Oxford, to become a research chemist, a tax lawyer, and now, of course, Prime Minister.

She believes passionately that people will, given the opportunity and incentive, work harder. She also seems genuinely convinced that within the country lie considerable reserves of talent waiting to be liberated by her kind of policies.

Not everybody, she admits in another of her favourite phrases is capable of "kicking the ball if you put it at their feet," and they have to be helped. But again and again she has repeated that it is the politician's task to provide the individual with "freedom under the law" and the incentive to work harder. In Mrs. Thatcher's ideal world, those who work hard are rewarded and those who do not are paid less.

In comparison with her predecessor, Mr. Heath, she takes an altogether tougher line on traditional Tory issues, like law and order, capital punishment (which she personally favours for terrorists) trade union reform, and even more fundamentally on economic policies.

Her personal views on state intervention and market forces in general are closer to Sir Keith Joseph than to some of her other colleagues. And, as a small shopkeeper's daughter, she apparently sees no contradiction between wanting small shops to prosper and compelling the Tescos of this world on their contribution to competition.

When Mrs. Thatcher, 16 years after entering the House of Commons as MP for Finchley, stood against Mr. Heath for the Tory leadership, she offered the party a change of direction. That challenge was accepted despite the fact that, as the Education Secretary and the much publicised "milk snatcher" in Heath's Government, she was by no means the most experienced politician in the shadow cabinet.

During the election campaign, she has again been preaching the message of change. Again that challenge has been accepted despite the fact that, with her somewhat cold and essentially middle-class image, she remained far less personally popular than Mr. Callaghan right up to the end.

Council gains for Labour

BY PAUL TAYLOR

LABOUR's last hope of retaining a foothold in the machinery of central and local government was in the balance last night. As the delayed counting in the local authority elections in England and Wales continued it remained uncertain whether Labour gains from the Conservatives would be enough to enable the party to snatch back control of the key Association of Metropolitan Authorities.

Labour needed to win back at least six of the big metropolitan district councils in England, lost to the Tories in 1975, to ensure overall control of the association, which plays a crucial role in negotiations with central government over local council spending.

In Tameside (Greater Manchester) and Coventry Labour gained control from the Tories. In Wolverhampton Labour won an uneasy control based on the casting vote of the next Labour mayor. Elsewhere, Labour majorities were increased.

Labour control of the association will depend on late results from areas such as Walsall and Sandwell—which they would need to win, and of the key votes of the Liberals in Liverpool, Leeds and Birmingham, where no party emerged with an overall majority.

The local elections took place in 333 district and 36 metropolitan district councils at the same time as the General Election. There were no local elections in Scotland or Greater London.

Labour was expected to make gains because the Tory lead over Labour was even greater when the last round of elections took place in 1975, 1976 and 1978.

Labour may find some consolation in the local results. The picture emerging last night was of an uneasy swing to the party, with Labour picking up slightly more council seats than expected.

In Tameside Labour turned

a two-seat Tory majority into an 18-seat Labour one. The result probably reflected local feeling over the rebel authority's stand on comprehensive education.

In Liverpool the stalemate on the council continues, Labour remaining the largest party with 46 seats, Conservatives 23 and Liberals 30.

In Birmingham and Leeds substantial Tory majorities were wiped out, leaving the Tories with the largest number of seats, and the Liberals holding the balance.

Even if Labour fails to win a clear majority of the metropolitan areas, it is possible that Labour will gain control of the Authorities' important education and policy committees. This is because of the complex way in which membership of these committees is decided.

There was never any chance that Labour would win control of the Association of District Councils, since before the latest

elections Labour held only 38 of the 333 district councils in England and Wales.

Voting in the smaller district councils, traditionally more likely to be Tory-controlled, reflected a swing to Labour.

The district councils picked up by Labour included Darlington, Barrow-in-Furness and Grimsby. Labour gained control of Merthyr Tydfil after winning 14 seats from Plaid Cymru.

The final outcome of the local elections will not be known until later today, when the counts are completed.

On the basis of 120 comparable results recorded yesterday Labour gained 285 seats and lost 43; the Tories gained 70 and lost 30; Liberals gained 80 and lost 29; Independents 36 and 73; and others 18 and 51.

Overall the Liberal vote appears to have held up, while there was little evidence of any ratepayers' revolt.

EMI warns of second-half losses

BY JAMES BARTHOLOMEW

MORE THAN £25m was wiped off the £152m stock market valuation of EMI, the leading leisure group, yesterday after the company warned of unexpected losses in the second half of this financial year.

Just as hopes were rising that the worst of the losses on EMI's revolutionary brain scanner might soon be ended, the company announced that the music division had run into trouble.

Sales volume has "fallen substantially below expectations," said the company, partly because of an industry-wide drop in sales and partly

because EMI has insufficient American recording stars.

They dominate international pop music in the way that British stars did 10 years ago at the time of the Beatles.

EMI also claims to be having difficulty persuading the stars it has to produce records regularly. Release of a number of "important" albums has been postponed beyond June, the end of the company's second half, for this reason.

Thirdly, the integration of United Artists Records, which EMI bought in February, is causing problems. "A certain amount of surgery was

needed," said Sir John Read, EMI chairman, yesterday.

The newly-acquired company had suffered "a flood of return shipments," he said. Return shipments are records returned unsold by distributors.

The company announced that the stock market by surprise. In the last month at least two brokers have issued circulars recommending the shares. They ended at 14p, down 23p on the day, despite EMI's forecast that it would still be in profit for the year as a whole, after making £20m in the first half.

Sir John Read admitted yesterday that there had been demands for a strengthening of the top management and he hoped the appointment of Mr. Roger Brooke as managing director would go some way towards satisfying them.

The company has recently disposed of several assets to sustain its cash and borrowing positions; it sold the leasehold of the EMI Centre in Tottenham Court Road, London, for £33m to Prudential Assurance Company in February. Asked whether more disposals might be on the way, Sir John said: "This is naturally something we are looking at."

Despite Mr. Callaghan's assurances, Labour is likely to form a far more aggressive Opposition than the Tories, and a key early move will be the membership of the new Shadow Cabinet, which is elected by Labour MPs, rather than selected by the Leader.

Mr. Callaghan would give no indication of his future plans but it is believed he will try to engineer a situation in which Mr. Denis Healey has the best chance of succeeding him if, as expected, he retires during the lifetime of the present Parliament.

There is no sign that Mr. Callaghan intends to retire in the immediate future. Mrs. Thatcher made it clear after her 45-minute visit to Buckingham Palace, when she was asked by the Queen to form a Government, that she was aware of the danger of the uneven Tory election successes.

In a call for national unity she stressed that the Government would have to take into account the differing views expressed by the electorate. "Now that the election is over we must get together and strive to serve and strengthen the country of which we are so proud to be a part," she declared.

Her key Cabinet posts will probably go in most cases to the people specialising in the same subjects while in Opposition. It is regarded as virtually certain that Sir Geoffrey Howe will become Chancellor of the Exchequer and Mr. James Prior Employment Secretary, responsible for dealings with the trade unions.

An intriguing question mark still lies over the future of Mr. Edward Heath, the former party leader, who has campaigned magnificently and effectively for a Conservative Government. He is known to be anxious to return to a senior post in Government, but Mrs. Thatcher's decision on whether to offer him a post remains unknown.

The incoming Chancellor will set in hand immediate plans on drafting of a Budget to be presented to Parliament within the next five weeks.

The CBI's policy on industrial relations and pay bargaining is almost identical to that mapped out during the election campaign by the Conservatives.

A statement issued yesterday by Sir John Methven, CBI director general, listed secondary picketing, closed shops, financing of strikes, and secret ballots as the labour law changes that should be considered.

Overall, during the lifetime of the new Government, the CBI wants the basic income tax rate

cut from 33 per cent to 28 per cent and other changes including a restructuring of capital gains tax.

The CBI will say that there should be reduction in direct taxation in 1979-80 totalling at least £1bn to include a cut of at least 1p in the standard rate of income tax.

Continued from Page 1

Marked rise in cost of Civil Service pensions

BY ERIC SHORT

CIVIL SERVANTS gave up 2.8 per cent of their salaries to enjoy inflation-proofed pensions when they retire.

This is the current deduction calculated by Mr. Edward Johnston, the Government Actuary, as part of the pay review process for deciding Civil Service pay levels.

The Government Actuary's figures show that the cost of servicing Civil Service pensions has grown markedly since 1974 when the last review was made. At that time, civil servants gave up only 1.75 per cent of their salaries, a level which provoked severe criticism for being too low.

The Government Actuary has arrived at this figure by comparing the cost of the Civil Service pension benefits with those provided by similar pension schemes outside. The comparison is based on an average of 458 schemes, consisting of those in other public

services, nationalised industries and private companies.

Although the Civil Service pension scheme is unfunded—pension payments are made directly from taxation—the calculations are on the basis that it is fully funded like occupational schemes. It is assumed that investments will yield 9 per cent a year over the long term, with salaries rising annually by 7½ per cent on average and prices by 6 per cent.

The Civil Service scheme is fully index-linked to the Retail Price Index under the Pensions Increase Act, 1971, unlike company pension schemes where no legal guarantee applies. Over the last four or five years, however, most of the private schemes used in the comparison provided considerable protection against inflation. The Government Actuary has assumed that this trend will continue.

News Analysis, Page 2

Continued from Page 1

Industry seeks tax cuts

The Food Manufacturers' Federation which said that the pre-notification of price increases should be cancelled immediately if closing down the commission would take some time.

Conservative Party leaders were loath to commit themselves about the commission during the election campaign, but it is widely assumed that they would abolish it, maybe transferring some of its less controversial powers to the Office of Fair Trading.

Detailed CBI proposals for the Budget will be sent to the

new Chancellor within the next 10 days. This will include proposals sent to Mr. Denis Healey two months ago and will lay special emphasis on the need for cuts in personal taxation and for economies in public spending.

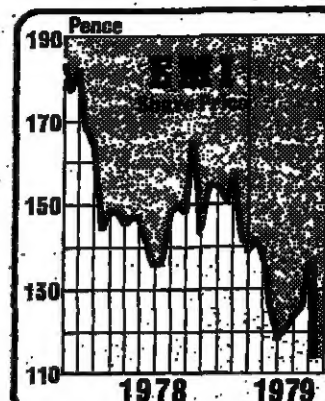
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Overall, during the lifetime of the new Government, the CBI wants the basic income tax rate

THE LEX COLUMN

EMI slips its discs

Index rose 5.1 to 558.6



EMI, a constituent of the FT 30-Share Index, jolted the stock market out of its victory celebrations yesterday morning. Its shares fell 23p to 144p—equivalent to more than 3 points off the index—following a surprise statement which seems to rule out anything but a nominal final dividend for 1978-79.

For once, the bad news is not about the Scanner. EMI's flagship is the music business, which made profits of £16.5m before interest in the six months to December and was said at the beginning of March to be performing satisfactorily. EMI now states that this operation is having such a rough ride that the group as a whole will probably be in the red for the six months to June. That suggests a pre-interest loss on music of £5m or more.

How did things get so bad so quickly? The warning lights have been flashing for some weeks since CBS, which has over a quarter of the U.S. records market, reported a profits downturn of 47 per cent in its first quarter. But a drop on this scale is quite unexpected. Hopes of £30m pre-tax from EMI for the year as a whole now have to be revised down to £20m or less, compared with \$64.7m two years ago. EMI's explanation is that the trends have only become crystal clear recently, and that its statement is intended as an early warning signal. It claims to be holding its share of the depressed U.S. market.

The biggest long term worry is that the international record business is becoming increasingly dominated by U.S. music, and that EMI has a relatively small share—under 10 per cent—of the U.S. record market. From that base, it is having to defend what it has with a much bigger slice of the market in other countries.

This news underlines the need for some agonising reappraisals at EMI. In particular, the losses on the scanner have to be cured quickly. With net worth of under £240m (including £85m of goodwill) and debt of very roughly £150m, it is not at all clear that the group is in a position to support its current wide range of activities. Meanwhile, the market capitalisation is down to £127m.

Election aftermath

After all the predictions of post-election euphoria, the convincing Conservative victory turned out to have been very far from unalloyed. Far from opening 30 points higher, the FT 30-share index was having trouble holding its own during the

morning as there was a scramble to take profits, and the blow below the belt from EMI did nothing to help. The incoming Government's premature reputation for helping the markets was only restored with some after-hours buying. Sterling also suffered from profit-taking and closed slightly down on the previous day on a trade-weighted basis, while gilt-edged managed gains of a point—perfectly respectable, but there was nothing to suggest a flood of petrodollars into London.

The equity market could not have wished for a better result given its current love affair with the Tory party, so its immediate rather muted reaction contrasts oddly with its behaviour in earlier elections. The day after Mr. Heath swept into power in 1970 the FT Industrial ordinary share index had put on over 20 points in the first hour's trading. Similarly, the Tories failure to win an overall majority in the March 1974 election knocked over 25 points off the index by 9.30.

This time round there were some special factors, such as the end of an account and the long weekend ahead, to explain the caution. Moreover, the stock market has already had a very good run in the lead up to the election. Since the beginning of March the FT index has put on over 80 points and the FT All-share index has now risen by 39 per cent this year. Admittedly, the stock market roughly doubled in the first two years of Mr. Heath's administration.

In the short-term at least, the main test for the equity market will be the Conservatives' first Budget which should come sometime within the next month or so. Until then share prices are unlikely to race ahead. Equities will take strength from the fact that dividend restraint

will probably be allowed to lapse. As a result company dividends could increase by around a fifth over the next year—which is comfortably ahead of the inflation rate and will mean that the market's average yield will rise by roughly one percentage point to 5.7 per cent.

However, much of the benefit has probably already been discounted by share prices, and over the next few months the prospect of sizeable rights issues, a slowdown in profit growth and labour troubles could upset sentiment. After all, the last Tory Government had to cope with a national dockers strike and a State of Emergency only a month after taking office.

Radical new Tory policies could have a profound effect on the economy and share prices over the longer term but even a Tory Chancellor flushed with electoral success will admit that it is impossible to turn the economy around on a sixpence. Investors must be prepared for a long haul.

The problem for gilt-edged at the moment is that it is hard to see how interest rates can come down by very much in the foreseeable future. The new Government is going to have to run hard to cope with the public borrowing requirement for 1979-80 at Mr. Healey's putative £8.5bn—let alone reduce it—and the commitment to firm monetary targets will remain. The money supply figures for the banking month to mid-April may look pretty grim: heavy foreign inflows and the large Government deficit at the end of March should see the inflation rate rising again, and meantime U.S. interest rates are edging higher.

Budget hurdle

The market may also be asked to give the new Chancellor the benefit of the doubt. It will be interesting to see whether a budget with an unpalatably high FRSR mitigated by a commitment to reduce borrowing sharply in 1980-81, or a budget in which all the tax cuts had to be financed by once-and-for-all sales of Government assets would try the fund managers' patience too far.

Governments come and go but the Bank of England still has to keep the money markets in order. Yesterday its tactics after the Treasury bill tender at which the average rate fell to 11.05 per cent from 11.29 per cent, suggested it would like short-term interest rates to stay just where they are, perhaps until the budget.

General Investors and Trustees, Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. H. Wethered.

	1979	1978
Total consolidated revenue	£2,050,899	£1,779,151
Consolidated net revenue before taxation	£1,386,901	£1,219,450
Earnings on ordinary capital	5.26p	4.74p
Dividends on ordinary capital	4.50p	4.00p
Valuation of investments	£26,477,021	£24,619,506
Freehold property in Great Britain and Australia	£1,091,476	£1,077,228
Freehold land held for trading in Australia	£1,374,646	£961,781
Investments in Great Britain	56.44%	63.70%
Investments outside Great Britain	44.56%	36.30%
Net asset value per share	153.9p	132.5p

Revenue: The first time revenue has exceeded £2 million.

Dividends: The total of 4.5p for 1979 represents an increase of 12½% over last year as compared with a rise of 9.3% in the retail price index during the same period. Dividends have now increased by 60% over the last three years.

Assets: Net asset value of the ordinary shares increased by 16.1% over the year. In the same period the F.T.-Actuaries All-Share Index rose by 9.6%, the Dow Jones Index by 9.0%, and the Sydney Index by 22.1%.

Policy: The Company's policy is to increase dividends whenever possible while retaining the overseas interests, having regard to future property developments in Australia.

Copies of the Report and Accounts may be obtained from the Secretary.



The Foreign and Colonial Investment Trust Co. Ltd.
General Investors and Trustees Ltd.
F. & C. Eurotrust Ltd.
Century Fund S.A.

The Cardinal Investment Trust Ltd.
Alliance Investment Co. Ltd.
F. & C. Anglo-Nippon Export Fund
F. & C. North American Export Fund

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